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Item 7 (c) of the provisional agenda*

**Coordination, programme and other questions: international
cooperation in the field of informatics**

International cooperation in the field of informatics

Report of the Secretary-General**

Summary

The present report has been prepared in response to Economic and Social Council resolution 2004/51, in which the Council requested that the Ad Hoc Open-ended Working Group on Informatics continue in operation and to act as a bridge, with regard to information technology, between the evolving needs of Member States and the actions of the Secretariat.

The report highlights the increased cooperation of the Working Group and the Secretariat resulting in practical enhancements in the area of technology that better facilitate the work of Member States and Observers of the United Nations, as well as non-governmental organizations accredited to the United Nations.

* E/2005/100.

** This report was submitted late due to the necessarily extensive coordination required among several departments of the Secretariat and the Ad Hoc Open-ended Working Group on Informatics.



Introduction

1. By its resolution 2004/51, the Economic and Social Council convened the Ad Hoc Open-ended Working Group on Informatics for one more year to enable it to carry out, from within existing resources, the provisions of its resolutions on international cooperation in the field of informatics and to facilitate the successful implementation of the initiatives being taken by the Secretary-General with regard to the use of information technology.

2. The Council requested the Working Group to continue its efforts to act as a bridge between the evolving needs of Member States and the actions of the Secretariat. This function has become the major focus of the Working Group, as it collaborates closely with the Secretariat to direct its existing resources in practical ways that best meet the needs of Member States with regard to everyday use of information technology in accomplishing the work of the diplomatic community associated with the United Nations.

Collaboration of the Ad Hoc Open-ended Working Group on Informatics with the Secretariat

3. The Working Group and the Secretariat have developed efficient means of interaction, which facilitate their collaboration and effectiveness. Some means are traditional, such as face-to-face meetings, and others are technological, such as e-mail. In all cases, however, it has been the spirit of cooperation that has made them effective. The Working Group and the Secretariat have looked for those areas where resources can be redirected to better serve the diplomatic community. The Working Group assists the process by prioritizing the needs of Member States and communicating those priorities to the Secretariat. The Secretariat informs the Working Group about information technology initiatives that may affect the diplomatic community and solicits the input of the Working Group. By focusing on practical, working level issues, this beneficial collaboration optimizes the use of existing resources.

4. Specifically, the Secretariat and the Working Group make use of the following means of interaction and collaboration:

(a) Letters from the chair of the Working Group to the Director of the Information Technology Services Division are used to formalize and document important requests. This formal method of interaction is used after the substance of the request has been informally agreed to using other means;

(b) Informal meetings among members of the Working Group and representatives of the Secretariat to exchange information, identify priorities, etc. The Secretariat representatives are typically middle management level staff who are actually managing the execution of programmes. Representatives typically come from those departments and offices that most directly service the diplomatic community: the Department of Management, specifically the Information Technology Services Division, the Department for General Assembly and Conference Management, and the Department of Public Information, including the Dag Hammarskjöld Library. These short meetings are typically held in the cafeteria or a similar setting;

(c) Occasionally, an informal task team will be created to work on a specific item, e.g., the Information Technology Services Division web page, and to present the results of its efforts to the Working Group. Such teams include both Working Group members and representatives of the Secretariat, and they typically meet in the offices of the Secretariat;

(d) The Working Group employs a collaboration tool: "Lotus QuickPlace", which is available on the Internet, to share documents and provide mailing list capabilities;

(e) E-mail is used to facilitate and document the overall collaboration effort; the telephone is used less, as many of the active members and Secretariat representatives travel extensively and/or have duties that preclude them from being available for phone discussion;

(f) Formal meetings of the Working Group are relatively infrequent, roughly one per quarter, and are used to bring all members up to date and to discuss ongoing and upcoming initiatives; often the Secretariat makes a formal presentation on a topic of interest, such as wireless Internet access (WiFi), in the conference room areas.

Information and communications technology infrastructure

5. The Secretariat continues to maintain the "dial-in" infrastructure that allows missions to connect to the Internet and to access services such as e-mail and the World Wide Web. As discussed with the Working Group, no enhancements are currently planned for this connectivity infrastructure, although support and training will continue.

6. WiFi, which allows wireless Internet access, has been extensively introduced into the conference rooms, the common hallways, the lobbies, the Dag Hammarskjöld Library and other areas of the New York campus. Supporting WiFi, power for mobile devices has been made extensively available in conference rooms and adjacent areas. The Working Group indicated to the Secretariat that this was a high priority, leading the Secretariat to accelerate its efforts as well as to prioritize introduction of this technology. Escalation by the Working Group of the issue of power for mobile devices has led the Secretariat to redirect resources and find economical ways of meeting this need. The Secretariat will continue to extend and improve both WiFi and the availability of power outlets.

7. The Secretariat continues to maintain and improve the computer servers that support services to the missions. These servers are on the four-year replacement cycle, which is the standard for such equipment, and the compute power available has been adequate, even for the expanded use of the infrastructure that has been experienced. A dedicated set of servers has been deployed to support the "free" Official Document System of the United Nations (ODS) described below.

8. The personal computers available to delegates have been upgraded and now all make use of WiFi for their network connection, which has improved the speed of access to the Internet very substantially. The Secretariat will continue to upgrade these computers in conformance with the three-year replacement cycle that is standard for such equipment. The Dag Hammarskjöld Library is planning to add several more workstations to a remodelled service area.

9. The Secretariat, through the Department for General Assembly and Conference Management, has introduced new electronic signboards displaying official meetings information.
10. In addition to the above, the Department for General Assembly and Conference Management is procuring 24 door information panels for deployment by fall 2005 to replace the existing cork clipboards near entrances to meeting rooms. These will display official meetings information appropriate for each room.
11. The Working Group and the Secretariat continue to explore approaches to on-demand document printing near or in the conference rooms and/or the Delegates' Lounge.
12. The Secretariat continues to refurbish older personal computers that are no longer needed and to furnish them to missions, under the overall guidance of the Working Group. Please see annex II for statistics on computing equipment donated to permanent missions in 2004.

Information technology services

13. In collaboration with the Working Group, the Secretariat launched a new version of the primary web page for missions: www.un.int. This new page serves as a portal to the information resources most needed by the diplomatic community, and it was designed by members of the Working Group and implemented by the Secretariat. The process of identifying and prioritizing the information needs of the missions and of then implementing appropriate services is a continuous one that exemplifies the close cooperation that now exists between the Working Group and the Secretariat.
14. The Secretariat continues to provide e-mail services for the missions, including services to control spam and viruses. Unfortunately, substantial resources must be devoted to protecting these services, and yet the protection is not perfect. The Secretariat leverages the technologies it has in place to protect its own systems and anticipates increasing this leveraging effect for the benefit of the missions within current resources.
15. The Secretariat has deployed QuickPlace technology to allow the simple creation of secure, easy-to-use websites for collaboration and communication of information among a set of members. This technology has been successfully used for the Working Group itself and, notably, for the Military and Police Advisers Community serving the missions in New York (<http://dcln042.un.org/milad>). In collaboration with the Working Group, the Secretariat is extending use of this technology to meet a diverse set of needs among the missions. Four QuickPlace workplaces related to the needs of permanent missions have been established. They are the WGI QuickPlace, the Milad QuickPlace, the Funzita QuickPlace and ForoHispanoONU QuickPlace.
16. The Department for General Assembly and Conference Management has facilitated, through the meetings management system (e-Meets), web-based requests by permanent missions for Secretariat conference services. These services were formerly requested by filling out paper forms.

17. The Department for General Assembly and Conference Management has also enabled online interactive access to organ-related information, such as organ profile, terms of reference, current members, authorized requestors and contact information.

18. The Secretariat has implemented free ODS access, available worldwide on the Internet without the use of a password. Additionally, there is a new search facility associated with that version of ODS that enhances the ability to find documents based on their content. The Secretariat will continue to work with the Working Group to facilitate ODS use.

19. New services to be investigated by the Department for General Assembly and Conference Management in collaboration with the Working Group in 2005/2006 include an online and interactive version of the *Permanent Missions to the United Nations*, a publication also known as the United Nations Blue Book, as well as a speaker's list.

20. The Working Group and the Secretariat are looking at several other issues that require more discussion and potential action in the coming year. For example, we are looking at the elections process and are developing a sequence of steps to assemble and present information to assist in the process, to make it more transparent and efficient and to ease the burden of mission staff.

Training, support and awareness

21. The Working Group has clarified its role as one that focuses on services awareness; training and support are provided by the Secretariat and by the United Nations Institute for Training and Research (UNITAR). Therefore, the Working Group reaches out to the diplomatic community, attempting to engage their interest, present useful information and foster a practical process of directing available resources in ways that best serve its interests. In collaboration with the Working Group, the Secretariat produced a guide to Internet services for delegates; a major update to this successful guide is now under way, to be available in the fall of 2005.

22. The Dag Hammarskjöld Library continues to provide training and is continually enhancing its offerings; the closer coordination that now exists with the Working Group helps ensure that the training offered meets actual needs. UNITAR is also active in providing training for mission staff, especially those new to New York.

23. The Secretariat provides support, typically via the Information Technology Services Division Help Desk, when there are problems with any of the provided services or infrastructure. In 2004 over 1,500 calls from permanent missions were handled by the Help Desk.

Annex I**Meetings and presentations**

<i>Date</i>	<i>Meeting or presentation</i>	<i>Short description of topics discussed</i>
16 December 2004	Meeting	Website dedicated to the permanent missions in New York; request by Military and Civilian Police Advisers Community; improvement of communications within regional groups; ongoing Secretariat initiatives: the Wireless Project, free access to ODS, printer support and personal computer upgrades.
17 February 2005	Presentation	WiFi technology in the Secretariat and how to adapt it for the work of delegations.
15 March 2005	Meeting	Website dedicated to the permanent missions in New York; improvement of communication within regional groups; progress on Internet wireless communication and searching ODS online; donation programme for used equipment; and chart of elections.
27 March 2005	Presentation	Presentation by Italy on the new website for delegates www.un.int and discussion on the global search facility of a free ODS.

Annex II

A. Personal computers given to missions

<i>Equipment type</i>	<i>Number</i>
CPU	1 191
Monitors	959
Printers	366
Other devices	11

B. Statistics on the website of the permanent missions

Number of pages viewed in 2004: 1,966,729.

Data downloaded from the website in 2004: 775.32 gigabytes.

C. E-mail statistics

Total number of messages received by the United Nations Internet ITSD in 2004 was 18 million.

Total number of messages delivered to recipients in 2004 was 16.8 million.

Total number of messages rejected in 2004 was 132,000.

Total number of viruses detected in the messages for both the Secretariat and Permanent Missions in 2004 was 1,632,000.

Note: These figures were extrapolated from April 2005 statistics.



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Item 57 (a) of the preliminary list*

Groups of countries in special situations:

**Third United Nations Conference on the Least
Developed Countries**

**Economic and Social Council
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New York, 29 June-27 July 2005

Item 6 (b) of the provisional agenda**

**Implementation of and follow-up to
major United Nations conferences and
summits: review and coordination of the
implementation of the Programme of
Action for the Least Developed Countries
for the Decade 2001-2010**

Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010

Report of the Secretary-General

Summary

The present report is submitted pursuant to Economic and Social Council resolution 2004/65 and General Assembly resolution 59/244.

This is the first results-oriented annual progress report on the implementation of the Programme of Action for the Least Developed Countries. The report shows that, despite significant progress by some least developed countries in meeting individual goals, their progress as a group in meeting most goals has been insufficient to meet the goals of the Brussels Programme of Action and its objectives of eradicating poverty, sustained growth and sustainable development in the least developed countries. Three major obstacles — country ownership, capacity and resources — identified in the previous reports continue to hamper the implementation of the Programme of Action by the least developed countries. Lack of statistical data jeopardizes monitoring and reporting on the progress of the Programme of Action at both the national and the global levels. Achieving the objectives and goals of the Brussels Programme of Action by 2010 requires increased efforts by the least developed countries and scaled-up official development assistance, full debt cancellation, fair trade and enhanced technical assistance from donors. It also calls for tapping the enormous potential of South-South and triangular cooperation.

* A/60/50 and Corr.1.

** E/2005/100.



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I. Introduction

1. In Economic and Social Council resolution 2004/65 and General Assembly resolution 59/244 Member States reiterated their deep concern at the weak implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 and requested submission of an annual progress report "in a more analytical and results-oriented manner, by placing greater emphasis on concrete results and indicating the progress achieved in its implementation".

2. Results orientation is a key underlying principle of the Brussels Programme of Action, designed as a partnership framework between least developed countries and their development partners.

3. Time-bound and measurable goals of the Programme of Action for the least developed countries not only provide benchmarks for measuring progress, they also serve as an effective means for planning, policymaking, institutional reform and resource mobilization. Furthermore, they ensure transparency and accountability. Finally, they mobilize national and international partners to action and help forge partnerships and alliances.

4. The Programme of Action contains 30 international development goals, including Millennium Development Goals. Monitoring progress on these goals, however, presents a real challenge. First, not all of them are specified in such a way that they can be monitored. Secondly, there are a number of full or partial overlaps between the goals. Thirdly, lack of resources, statistical capacity and necessary infrastructure for data collection, processing and evaluation results in poor data coverage of the least developed countries.¹

5. Given existing constraints, the elaboration of the monitoring methodology for the Brussels Programme of Action was guided by two basic principles: simplification and harmonization. Thus, only simple indicators have been selected for the purpose of monitoring. Highly composite indicators, which often require a developed analytical capacity, complex statistical infrastructure and more resources, were explicitly excluded. Furthermore, pursuant to Economic and Social Council resolution 2000/27, and in line with recommendations of the Statistical Commission,² selected indicators have been harmonized with the Millennium Development Goals, to ensure their coherence.

6. Statistical data used in the report overwhelmingly originate from the Common Database. Given that some goals contained in the Programme of Action are the Millennium Development Goals, 1990 was used as a base year, to ensure consistency. Wherever possible, data were disaggregated by sex and rural/urban areas.

7. Inputs of least developed countries and their development partners,³ as well as their relevant reports and existing reporting mechanisms, including the 2004 Economic and Social Council high-level segment review of the theme "Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010", were used in the preparation of this report to ensure "the broader development agenda" and to "avoid duplication", as requested by Member States.⁴

II. Implementation of the Brussels Programme of Action

Commitment 1: Fostering a people-centred policy framework

8. Halving the proportion of people living in extreme poverty and hunger by 2015 has been the overarching goal of the Programme of Action. To that end, the least developed countries committed themselves to reaching a GDP growth of at least 7 per cent and to increasing the ratio of investment to GDP to 25 per cent per annum. In 2003, the economies of least developed countries grew at the annual rate of 5 per cent, benefiting from the world economic recovery. In fact, their economies grew faster than those of many other groupings of countries. Notwithstanding that positive trend, only 11 least developed countries⁵ achieved the 7 per cent GDP growth rate target and 7 least developed countries⁶ achieved the 25 per cent investment to GDP ratio target in 2003. Moreover, the relationship between growth and poverty in least developed countries has never been either automatic or straightforward:⁷ despite their greater economic growth in the decade, the incidence of poverty in the least developed countries remained high, at about 43 per cent.⁸

9. Growth and poverty reduction lie at the heart of poverty reduction strategies in many least developed countries. By 31 March 2005, 32 of 50 least developed countries had prepared interim or complete poverty reduction strategy papers, including Bhutan and Cape Verde in 2005 and Burundi, Djibouti and the Lao People's Democratic Republic in 2004.⁹ Poverty reduction strategy papers have constituted a step forward over the structural adjustment policies. Yet, analysis of the impact of economic and social policies on growth and poverty reduction in poverty reduction strategy papers remains weak. Coverage of infrastructure, rural development and other areas with poverty reduction potential and the integration of the macroeconomic framework with sectoral strategies have been inadequate. Poverty reduction strategy papers have added the most value in countries where government leadership and aid management were already strong and had less effect in countries with weak public sector capacity or with donor-dominated aid relations.¹⁰

10. Poverty reduction strategies of the least developed countries, including poverty reduction strategy papers, must have strong country ownership, be tailored to the special needs of least developed countries and be aimed at achieving long-term development objectives and goals, including those contained in the Brussels Programme of Action and the Millennium Declaration (see General Assembly resolution 55/2). Donors should align their assistance to these results-oriented investment and operational frameworks for poverty reduction and sustainable development in the least developed countries.

11. Government policies of the least developed countries must ensure that people, particularly the poorest, are both active agents and ultimate beneficiaries of growth. These policies must benefit all poor, regardless of gender, age, ethnicity, religion, race or location. Furthermore, these policies need to favour the poor and ensure that they benefit first, and that their incomes grow faster than those of the non-poor.¹¹ Hence, a people-centred policy framework for poverty eradication in the least developed countries needs to be both pro-growth and pro-poor.

Commitment 2: Good governance at national and international levels

12. Poverty reduction and sustainable human development cannot be achieved without good governance at the national level. Several least developed countries have reported on measures instituted by their countries towards good governance, in particular regarding their efforts to promote democracy and human rights, introduce institutional reforms, fight corruption, empower people, especially women, and promote national reconciliation and dialogue. To that end, in 2004 several least developed countries, including Afghanistan, Bhutan, Burundi, the Central African Republic and Uganda have adopted or amended their Constitutions to ensure greater voice and participation of poor people in decision-making. The new Constitution of Afghanistan guarantees women 27 per cent, or 68 seats, of seats in the Lower House and 50 per cent of appointments made by the President to the Upper House of the Parliament. Many post-conflict least developed countries, in the process of democratization, have adopted affirmative measures, such as reserved seats and a quota, to ensure the participation of women in decision-making. As of 28 February 2005, the overall proportion of seats held by women in the Parliaments of least developed countries was 12.4 per cent, but in Rwanda women occupy 48.8 per cent and in Mozambique 34.8 per cent of all seats in their respective Parliaments.¹² Greater representation of women at the highest decision-making level and gender sensitization campaigns resulted in more gender-sensitive legislation and policies. Thus, a national gender policy was elaborated and adopted in Burundi, Lesotho, Sierra Leone and the United Republic of Tanzania. An action plan on the advancement of women was adopted in Equatorial Guinea.

13. Presidential elections took place in 2004 in Afghanistan, Malawi, Mozambique and the Niger. Parliamentary elections were held in 2004 in the Comoros, Equatorial Guinea, the Gambia, Guinea-Bissau, Malawi, the Niger and Somalia. Municipal elections took place in 2004 in Equatorial Guinea, Mali, the Niger and Sierra Leone. Burundi held a referendum on 28 February 2005, and is currently preparing for local and parliamentary elections. Presidential elections took place in Togo on 24 April 2005.

14. The promotion of justice and the rule of law in post-conflict countries contribute to peaceful settlement of disputes, national reconciliation and consolidation of peace. By calling to account and de-legitimizing perpetrators, doing justice to victims and restoring their dignity, tribunals strengthen public confidence in the State's ability to enforce the law and serve the purpose of national reconciliation. To that end, the International Criminal Tribunal was established for Rwanda and mixed tribunals were established for Sierra Leone and Cambodia. The Panel with Exclusive Jurisdiction over Serious Criminal Offences was established in Timor-Leste. Past human rights abuses have also been addressed by truth commissions established in Timor-Leste and Sierra Leone.¹³

15. As of 1 April 2004, 14 African least developed countries¹⁴ have voluntarily acceded to the African Peer Review Mechanism of the New Partnership for Africa's Development (NEPAD), a self-learning monitoring mechanism that evaluates performance in the following areas: political representation, institutional effectiveness, executive effectiveness, human rights and rule of law, independence of media and civil organizations, economic management and corruption control. In addition, governance in 15 least developed countries has been monitored by the Economic Commission for Africa under the African governance project.¹⁵ Both the

African Peer Review Mechanism and the Economic Commission for Africa reviews reveal improvement of governance in African least developed countries. Fiscal Reports on the Observance of Standards and Codes in nine sub-Saharan least developed countries¹⁶ also suggest progress in fiscal transparency, including the quality of budget formulation and investment in the fiscal reporting system.

16. Many least developed countries embarked on the path of decentralization and the strengthening of local governance. Senegal started the process of decentralization and the Local Government Act was adopted in Sierra Leone. Decentralization policies have been introduced and are being implemented in Malawi, Mozambique and Zambia. The Department of Local Governance was established in Bhutan. The United Republic of Tanzania has undertaken fiscal decentralization in local governance and education and health sectors. Donors have played a critical role in supporting the decentralization processes. France provided support to decentralization processes in Benin, Cape Verde, Chad, Madagascar, Mauritania, Morocco, Namibia, the Niger and Senegal. The United Nations Capital Development Fund (UNCDF) provided assistance to local governance in 11 least developed countries. The United States of America provides assistance to all 50 least developed countries in four areas: strengthening the rule of law and respect for human rights; promoting free and fair elections and political processes; increasing development of politically active civil society; and supporting more transparent and accountable governance. Good governance is also the most important criterion to qualify for development assistance from the United States of America under the Millennium Challenge Account. On 8 November 2004, its Board approved the first 16 countries eligible for Millennium Challenge Account assistance. Half of them are least developed countries.¹⁷

17. A number of least developed countries undertook measures to prevent and root out arbitrary and corrupt practices. A national anti-corruption strategy was developed and an anti-money laundering act was enacted in Sierra Leone. The Commission of Inquiry on properties and assets of civil servants was established in the Gambia. Anti-corruption, legal and judicial reforms, public administration reforms and armed forces reforms have been undertaken by the Government of Cambodia. The United Republic of Tanzania has adopted a national anti-corruption strategy and an action plan for the period 2003-2005, has established the National Integrity Fund to support anti-corruption activities and has passed an anti-money laundering act. Benin has undertaken reforms aimed at increasing efficiency, accountability and transparency in government procurement and established the Observatory for the Fight against Corruption. Of 50 least developed countries, 24 have signed and 4 have ratified the United Nations Convention against Corruption while 28 have signed and 15 have ratified the United Nations Convention against Transnational Organized Crime.

18. Good governance requires adherence to international standards in the area of human rights. In the period 2003-2004, Liberia, Mauritania and Timor-Leste acceded to the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. During the 2003-2004 period, Afghanistan, Kiribati, Sao Tome and Principe and Timor-Leste acceded to the Convention on the Elimination of All Forms of Discrimination against Women and six least developed countries (Angola, Bangladesh, Bhutan, Equatorial Guinea, Ethiopia and Nepal) submitted their

country reports on their compliance with it. In 2004, all 50 least developed countries were States parties to the Convention on the Rights of the Child and 39 have acceded to the International Convention on the Elimination of All Forms of Racial Discrimination. An action plan to promote human rights was elaborated in Equatorial Guinea; human rights committees were established in Afghanistan, Guinea-Bissau and Sierra Leone. A national commission on women and children was established in Bhutan. The United Republic of Tanzania has established the Human Rights and Good Governance Commission and has reviewed laws discriminatory to women.

19. An effective State needs effective national governance. Effective governance requires the promotion of the rule of law and of political, economic and social rights; transparent, accountable and efficient public administration that provides public goods and social protection; sound economic policies, which boost growth, production and employment, encourage investment and promote private sector development. It also needs to be participatory and based on constructive dialogue with civil society. Effective planning and the implementation of poverty reduction policies, strategies, programmes and activities require the strengthening of the institutional and human capacities of governance and public administration of least developed countries.

20. Good governance at the international level consists of, first and foremost, a universal, open, fair, rule-based and transparent multilateral system. It requires coherence between national and international efforts and between multilateral monetary, financial and trading systems.

Commitment 3: Building human and institutional capacities

21. Progress in achieving poverty reduction and economic growth in the least developed countries depends, to a great extent, on human capital, on the access of people to nutrition, health, education, sanitation, safe drinking water and on their social integration. The Brussels Programme of Action contains 18 quantifiable goals and targets in these areas.

22. Achieving these goals depends not only on economic performance, but also on the population policies of the least developed countries. Of 50 least developed countries, 32 have adopted policies and programmes designed to decrease their population growth rates and two thirds have adopted policies and programmes to address adolescent fertility.¹⁸ The United Nations Population Fund (UNFPA), the lead United Nations agency in the field of reproductive health and family planning, has been supporting their efforts by allocating between 67 and 69 per cent of its resources in 2004 and between 69 and 71 per cent of its resources in 2005 to Group A of the countries category classification, which includes all least developed countries.¹⁹ Nonetheless, both the fertility level and the population growth rate of least developed countries remain very high. It is estimated that their population will reach 759 million in 2005 and 942 million by 2015. The population of least developed countries will more than double by 2050, and will more than triple between 2005 and 2050 in 11 least developed countries.²⁰

23. The proportion of people who suffer from hunger has decreased slightly in the least developed countries, from 38 per cent in the period 1990-1992 to 36 per cent in the period 2000-2002. Especially acute is the malnutrition rate among children, with almost 43 per cent of children under five underweight for their age. Malnutrition

makes children particularly vulnerable to diseases. Half of them die worldwide from five major diseases: pneumonia, diarrhoea, malaria, measles and HIV/AIDS. Unsurprisingly, the least developed countries, where almost half the population lives in extreme poverty and hunger, have the highest under-five mortality rate (155 per 1,000 live births) in the world.

24. Child survival needs a continuum of care approach that begins in pregnancy and extends through birth and childhood. However, data reveal that only 32 per cent of women in least developed countries were assisted at birth by skilled personnel in 2003, and 20.2 per cent of pregnant women made four antenatal visits between 1995 and 2003. Insufficient maternal care during pregnancy and delivery is largely responsible for maternal and infant mortality in the least developed countries. Between 1985 and 2003 the maternal mortality ratio in the least developed countries was 890 per 100,000 live births, and the infant mortality ratio in 2003 was 98 per 1,000 live births. Poor maternal nutritional status and health also result in low weight of children at birth. Low birth weight has negative effects on the physical and/or the mental development of children and increases the likelihood of their death during their first years of life. The United Nations Children's Fund (UNICEF) has reported that some 19 per cent of children in the least developed countries were born with low weight (less than 2.5 kilograms) but 68 per cent of infants were not weighed at birth because of their delivery outside health facilities.²¹

25. It has been reported that exclusive breastfeeding, immunization, bed nets and relevant drugs, as well as access to water and sanitation, could have saved millions of children in the least developed countries. However, only 30 per cent of children were exclusively breastfed, 79 per cent were immunized against tuberculosis, 68 per cent were immunized against diphtheria, pertussis and tetanus and 67 per cent were immunized against measles in 2003 in the least developed countries. Sleeping under a bed net has proved to be a cheap and effective way to prevent malaria, but only 19 per cent of children under the age of five in the least developed countries slept under a bed net, and 36 per cent of children under the age of five with fever received antimalarial drugs in 2003.²² Free distribution of malaria bed nets has increased in 28 African least developed countries, but only Guinea-Bissau met the 2000 Abuja Summit bed nets target in 2002. All African least developed countries have adopted a national antimalarial treatment policy, but few have adopted the World Health Organization-recommended artemisinin-based combination therapies, and even fewer are implementing them due to their health budget constraints.²³

26. The prevalence of tuberculosis has increased in the least developed countries owing partly to persistent poverty, but largely to the spread of HIV/AIDS, which weakens human resistance. Estimated prevalence of HIV/AIDS in least developed countries in 2003 was 3.2 per cent, but in most African least developed countries it was above that level. It was especially high in Lesotho (28.9 per cent), Zambia (16.5 per cent), Malawi (14.2 per cent) and the Central African Republic (13.5 per cent).²⁴ Infection rates are especially high among young women. HIV/AIDS is, however, not solely a health problem. It presents a serious threat to the development of the least developed countries by affecting their productive capacity and, ultimately, their economic growth. The prevalence of HIV/AIDS in the least developed countries has been stabilized since 1999, but its incidence has neither been reversed — a Millennium Development Goal target — nor reduced by 25 per cent in the most affected countries — a Brussels Programme of Action target.

27. There has been good progress in the least developed countries in the area of education. Thus, the net enrolment in primary education increased to 62 per cent in the period 2001-2002, with most dramatic changes observed in Bangladesh, Benin, Eritrea, the Gambia, the Lao People's Democratic Republic, Malawi, Mali, Rwanda, Senegal and Togo. However, the primary completion rate was at 50.1 per cent during the same period, which suggests a great number of dropouts, especially among girls, particularly in landlocked least developed countries. Data also suggest that in the area of education women are discriminated against and men are favoured in the least developed countries, especially the landlocked ones, at all levels. The adult literacy rate among 15-to-24-year-olds in the least developed countries has increased.

28. Access to water and sanitation has slightly improved, but rapid urbanization poses a real challenge to many least developed countries. The proportion of population of least developed countries residing in urban areas has increased from 22.6 per cent in 1994 to 28.1 per cent in 2004, and is projected to reach 35.3 per cent in 2015.²⁵ This presents a serious challenge to the Governments of the least developed countries with regard to the capacity of their cities to absorb new residents and to provide them with clean water, electric power and waste management. Providing basic services, such as health and education, and ensuring their accessibility and affordability are primarily the responsibility of Governments, but, in the situation of pervasive poverty and limited domestic resources in the least developed countries, Governments usually have little room to increase their public expenditures on social services,²⁶ ensure their affordability, invest in infrastructure or improve their accessibility. Improvement of the delivery of basic services in the least developed countries requires not only public sector reforms, an enabling regulatory framework for the private sector and adequate capacity-building, but also faster economic growth and scaled-up official development assistance (ODA) in the social sector.²⁷

Commitment 4: Building productive capacities to make globalization work for the least developed countries

29. Growth of agricultural production and a vibrant agricultural sector are of particular importance for the least developed countries, where poverty is predominantly a rural phenomenon: 72 per cent of the population of the least developed countries lives in rural areas.²⁵ Several least developed countries have adopted policies to deregulate agricultural markets, provide a greater role for the private sector, attract investments and promote new agricultural technology (Bhutan, Guinea-Bissau, Sierra Leone and Zambia). The development of high-value agricultural products features prominently in the recent poverty reduction strategy papers of Ethiopia, the Gambia, Madagascar, Malawi, Nepal and Senegal.

30. Efforts of the least developed countries were supported by their development partners. The Food and Agriculture Organization of the United Nations (FAO) provided support to 33 least developed countries under the NEPAD comprehensive agriculture programme. The International Trade Centre (ITC) of the United Nations Conference on Trade and Development (UNCTAD)/World Trade Organization (WTO) assisted in market and business practice analysis in the areas of organic food, biodiversity products and medicinal plants that are of high interest to the least developed countries. It provided support to silk production (Cambodia) and strengthened the supply side in mushrooms and peaches (Lesotho), mangoes (Haiti)

and jute production (Bangladesh). Germany supported agriculture and rural development in 13 least developed countries and assisted in the development of strategies to promote private agriculture enterprise in 11 least developed countries. The New Rice for Africa (NERICA) project is a remarkable example of the global compact for food security in the African least developed countries, within the framework of the Tokyo International Conference on African Development. Protein-rich, weed-competitive, pest- and disease-resistant and fast-growing varieties of rice initially launched in seven African pilot countries, including Benin, the Gambia, Guinea, Mali and Togo, have been extended to Rwanda, Uganda and the United Republic of Tanzania. High-yielding rice varieties are forecast to raise production in these African least developed countries enough to reduce their food imports by \$100 million per year.

31. Adequate physical infrastructure (roads, railways, ports, etc.) is crucial for a vibrant economy, the promotion of trade, reducing poverty and social integration of the poor. Comparing the progress of the least developed countries with the progress of other developing countries on these goals, however, presents a serious challenge. First, it is unclear whether the current progress of least developed countries on these goals should be compared with the current progress of other developing countries or with their progress in 2001. Secondly, the level of road and railway infrastructure depends on many endogenous factors: size of the country, type of economy, export orientation, proximity to market, density of population, terrain, etc. Existing data suggest, however, the dramatic deterioration of physical infrastructure in least developed countries as a result of the decline of public and foreign investment and limited participation of the private sector owing to the lack of an adequate regulatory framework, capacity and information base.

32. Information and communication technology (ICT) can improve delivery of services, promote trade, business, governance, foreign investment, employment and rural development and ensure social inclusion of the poor. The paradox of asymmetrical globalization, however, is that ICT has also widened the gap between the poor and the rich. More important, in the absence of adequate infrastructure, especially in the landlocked and small island least developed countries, ICT often is a substitute for more expensive or non-existent fixed telephone lines and it facilitates the delivery of basic services and the promotion of trade and, ultimately, contributes to growth. Thus, recent studies suggest that an increase of 10 mobile phones per 100 people can increase GDP growth by 0.6 per cent in the poorest countries.²⁸ Remarkably, teledensity and Internet penetration have almost doubled in the least developed countries since 2001, but the cost of mobile phones will be the decisive factor in further narrowing the digital divide between the least developed countries and wealthy nations. This will require the least developed countries to create an enabling environment for ICT-related investment and competitive services.

33. Private sector development can play an important role in poverty alleviation. A number of least developed countries have simplified regulations affecting the entry, operation and exit of private enterprises (Bhutan, Madagascar, United Republic of Tanzania and Zambia). However, much more remains to be done. Business registration is still a cumbersome, long and expensive procedure in many least developed countries.²⁹ No wonder they score lowest in business competitiveness among 102 developed and developing countries.³⁰

34. Agriculture underpins food security, provides export earnings, promotes rural development and reduces malnutrition and poverty. Despite its crucial importance, agriculture remains underdeveloped in the least developed countries. Addressing the challenge of poverty reduction requires a renewed focus by the least developed countries on agriculture and rural development; adoption of sustainable agricultural development strategies, including macroeconomic and sectoral incentives; strengthening institutional capabilities; raising and sustaining productivity and competitiveness; diversifying production and trade; and improving access to credit and market.

35. Improvement of infrastructure in the least developed countries requires ODA, which could leverage their domestic private and public resources and institutional capacity-building. Effective delivery of infrastructure services in the least developed countries also calls for strong public-private partnership and increased private sector participation.

36. Bridging the digital divide between the poor and wealthy countries is the centrepiece of the Digital Solidarity Agenda contained in the Plan of Action for ICT adopted at the World Summit on the Information Society in Geneva in 2003. The second phase of the Summit, to be held in Tunis in November 2005, must ensure effective follow-up to the Geneva Declaration of Principles and the implementation of the Plan of Action. ICT needs to be integrated into the national development strategies of the least developed countries. ICT policies of the least developed countries should also address the gender gaps in the digital divide and ensure equal access by women and men to ICT.

37. The private sector alleviates poverty by contributing to economic growth, generating employment and empowering poor people by increasing their choices. Building a strong and vibrant private sector requires a global and domestic enabling macroenvironment, physical and social infrastructure and the rule of law. A level playing field, access to finance, knowledge and skills are also indispensable for the private sector to flourish.³¹

Commitment 5: Enhancing the role of trade in development

38. Trade can be a powerful engine of growth, poverty reduction and sustainable development.²⁷ Utilizing trade potential fully has been a daunting challenge for many least developed countries, heavily dependent on primary commodities in their export earnings.³² The share of the least developed countries in world trade in 2004 remained below 1 per cent.²⁷

39. Cotton is a main agricultural commodity in several least developed countries. It is estimated that current cotton subsidies depress the world price by nearly 12 per cent and cost Central African and West African countries \$250 million, including \$43 million for Mali, \$33 million for Benin, \$28 million for Burkina Faso and \$16 million for Chad. Estimates also suggest that sugar subsidies cost Mozambique \$38 million and Malawi \$32 million in 2004.³³ The WTO July 2004 framework agreement envisages that cotton subsidies will be addressed ambitiously, expeditiously and specifically by the subcommittee on cotton established under the Committee on Agriculture.

40. Preferential market access and special and differential treatment of least developed countries have been the cornerstone of the Brussels Programme of Action

and the Doha and Millennium Declarations. Some 35 WTO members and observers, counting 25 European Union (EU) members as one, have undertaken measures to improve market access for least developed countries under the Generalized System of Preferences (GSP) and the Global System of Trade Preferences (GSTP) and through special trade preferences for least developed countries, such as the EU Everything but Arms initiative and the African Growth and Opportunity Act of the United States of America. However, almost half of the market access preferences granted under these schemes remain underutilized by the least developed countries, owing mainly to their supply-side constraints, lack of trade-related capacity and non-tariff barriers, notably rules of origin³⁴ and product standards.

41. The expiration of the WTO Agreement on Textiles and Clothing in January 2005 raised serious concerns among the least developed countries specializing in textile and clothing exports. Preliminary studies suggested that the Asian least developed countries, with the strongest textile export specialization, could be most seriously affected. The ultimate impact of the Agreement will depend on whether the unilaterally granted preferential market access for the least developed countries can counterbalance the negative effects of this phase-out. Easing the rules of origin for the exports of the least developed countries, providing financial and technical assistance to those affected by the elimination of quotas, extending preferences for their textiles and clothing and refocusing other trade preferences could significantly mitigate the impact of the phase-out. Expanded South-South trade could also ease adjustment to the expiration of the Agreement.³⁵

42. Integrating the least developed countries into the global economy requires their voice and effective participation in the rule-based multilateral trading system. However, their accession to WTO has been hampered by policy issues related to adjustment of the development strategies, implementing instruments and legislative frameworks of least developed countries to WTO requirements; insufficient knowledge, expertise, resources, infrastructure and analytical capacities required for accession negotiations; and, finally, increasing demands by some WTO members for acceding countries to undertake a higher level of obligations and commitments.²⁵ Despite the adoption of the simplified and streamlined procedures by the WTO General Council on 10 December 2002,³⁶ the accession of least developed countries remains a protracted and complex procedure. So far, only two least developed countries (Nepal and Cambodia) have joined WTO in the post-Doha period, bringing their total number in WTO to 32. Yet nine least developed countries³⁷ remain in different stages of the accession process. Some of them have been in the process for between six and nine years and are nowhere near its completion.

43. Integrating trade issues in poverty reduction and national development strategies of the least developed countries has been the major focus of the Integrated Framework for Trade-related Technical Assistance,³⁸ revamped in 2000. The revamped Framework, launched as a pilot project in Cambodia, Madagascar and Mauritania, currently covers 22 least developed countries³⁹ and is expected to include 30 of them in 2005. The Integrated Framework Diagnostic Trade Integration Study was completed by 2004 in 14 least developed countries, and is under way or in the planning stage in another 14.⁴⁰ Nine African least developed countries (Benin, Burkina Faso, Malawi, Mali, Mauritania, Senegal, Uganda, United Republic of Tanzania and Zambia) also participate in the Joint Integrated Technical Assistance Programme.⁴¹ Ten least developed countries⁴² benefit both from the Integrated Framework and the Technical Assistance Programme. On 1 April 2005, WTO, with

the financial support of the Government of the Netherlands, also launched a new three-year WTO internship programme for the least developed countries.

44. Many least developed countries, including Bangladesh, Benin, Burkina Faso, Cape Verde, Ethiopia, Mali, Mauritania, the Niger, Togo, Uganda and Zambia, have been benefiting from trade facilitation programmes such as the Automated System for Customs Data and the Advanced Cargo Information System of UNCTAD. While the customs programme assisted the least developed countries in modernizing their customs service, ACIS has contributed to improving their transport infrastructure and significantly increased their financial gains.⁴³ UNCTAD has also been providing extensive training and capacity-building to the least developed countries in trade negotiations and commercial diplomacy, including on issues related to WTO accession. This assistance has resulted in greater effectiveness on the part of least developed countries' negotiators, including in the formation of coalitions with other developing countries on issues of common interest, in WTO and in other trade negotiations.

45. The International Trade Centre continued the export-led poverty reduction programme, aimed at integrating poor communities into international markets in Cambodia and Ethiopia. The ITC World Trade Net Programme, aimed at facilitating business community participation in the world trading system, currently covers Bangladesh, Cambodia, Haiti, Lesotho, Malawi, Mozambique, Nepal, Senegal and Zambia. Cooperation with 38 least developed countries accounted for 35 per cent, or \$20.1 million, of total ITC delivery in 2004.

46. Making trade a more effective mechanism for poverty reduction in the least developed countries requires: (a) mainstreaming trade in poverty reduction and national development strategies; (b) increased international financial and technical assistance for building production and trade capacities in the least developed countries; and (c) a more enabling international trading environment.⁴⁴

47. Special international support measures, such as preferential market access and special and preferential treatment of the least developed countries under WTO provisions, need to be expanded and deepened bearing in mind the supply-side constraints of the least developed countries.⁴⁵ Enhanced market access for least developed countries' products to other developing countries could also contribute to the expansion of their trade opportunities. All efforts should be made to reach a successful outcome of the Doha Round of multilateral trade negotiations no later than 2006 and the effective implementation of the Doha Development Agenda, which includes, *inter alia*, special treatment of the least developed countries. Continued support from all stakeholders will be necessary to strengthen the trade negotiating capacity of the least developed countries.

Commitment 6: Reducing vulnerability and protecting the environment

48. The poor, especially women, children and the elderly, are extremely vulnerable to natural disasters, and are highly susceptible to the adverse effects of global warming and climate change. The Hyogo Framework for Action, adopted at the World Conference on Disaster Reduction in January 2005, recognizes that "Disaster-prone developing countries, especially least developed countries and small island developing States, warrant particular attention in view of their higher vulnerability and risk levels, which often greatly exceed their capacity to respond to and recover from disasters". In view of the particular vulnerabilities and insufficient capacities

of least developed countries to respond to, and recover from, disasters, it recommends, as a matter of priority, that they be provided support in the implementation of the Framework for Action and in building their disaster-risk reduction capacity.⁴⁵

49. Small island least developed countries are particularly vulnerable to climate change and natural disasters. The massive earthquake that triggered the tsunami in Asia in December 2004 had a devastating effect on Maldives. It seriously damaged housing and infrastructure and hit especially hard the poor people who lost their houses, boats, fishing nets and fish processing equipment used to sustain their livelihoods. The adoption of mitigation and adaptation policies is the responsibility of Governments under the United Nations Framework Convention on Climate Change. Currently, 46 least developed countries are States parties to the Convention and 33 have ratified the Kyoto Protocol.⁴⁶

50. The LDC Fund of GEF provides funds for the enhancement of the adaptive capacity of the least developed countries and the implementation of their national adaptation programmes of action. It also provides grants for their environmental projects in six areas: biodiversity, climate change, international waters, land degradation, the ozone layer and persistent organic pollutants. Of 50 least developed countries, 48 have had regular access to GEF funds for national capacity self-assessments, country programmes, targeted capacity-building projects and enabling activities. In 2004 alone 26 least developed countries were allocated GEF funds.⁴⁷ GEF priorities for the period 2002-2006 include 90 per cent coverage of the least developed countries in transboundary water projects; capacity-building for sustainable land management and an integrated approach to ecosystem management; enhancement of adaptive capacity to adverse effects of climate change; and small grants to civil society organizations.

51. Pervasive poverty, high demographic pressure on natural resources, lack of adequate technology, including biotechnology, and lack of investments can lead to environmental degradation (land degradation, deforestation, pollution, loss of biodiversity, etc.) in least developed countries. Ensuring environmental protection and environmental sustainability in least developed countries calls for modern technology aimed at raising agricultural productivity; investments in improved environment management of forests, watersheds, coastal ecosystems and fisheries, freshwater and related ecosystems; integration of environmental sustainability into sector strategies; strengthening regulatory and institutional mechanisms, such as property rights, regulation of pollution and market-based strategies; and effective monitoring and enforcement. Protection of the environment and the rational use of natural resources (land, water, energy, forestry, etc.) also require mainstreaming environmental protection in poverty reduction and national development strategies of the least developed countries. Environmental protection, economic development and social development should be intimately interlinked in poverty reduction and sustainable development in the least developed countries.

Commitment 7: Mobilizing financial resources

52. Recognizing the critical role of financial resources in achieving the goals of the Brussels Programme of Action, the 2004 high-level segment of the Economic and Social Council undertook an in-depth and comprehensive review of domestic and external resources mobilization under the theme "Resources mobilization and

enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010".⁴⁸

53. The Economic and Social Council review concluded that external debt can adversely affect economic performance of the least developed countries and hinder their efforts to eradicate poverty and achieve sustained growth. Bringing debt down to the level of long-term sustainability through deeper, broader and faster debt relief has been the most ambitious goal of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative launched in 1999 by the International Monetary Fund (IMF) and the World Bank. By 1 March 2005, of 30 least developed countries that participate in the enhanced HIPC Initiative, 11⁴⁹ had reached the completion point, 10⁵⁰ had reached the decision point and 9⁵¹ remained under consideration for debt relief. It is expected that Burundi will reach its decision point and that Chad, Rwanda and Zambia will reach their completion points in 2005. The Democratic Republic of the Congo, the Gambia, Guinea, Guinea-Bissau, Malawi, Sao Tome and Principe and Sierra Leone are expected to reach their completion points in 2006. The Lao People's Democratic Republic has established a track record of sound macroeconomic performance under the IMF-supported Poverty Reduction and Growth Facility, but indicated that it would not avail itself of the HIPC Initiative.⁵²

54. In September 2004, the International Development Association (IDA) and IMF Boards extended the HIPC sunset clause until the end of 2006 and lowered the thresholds so that more countries could become eligible for greater debt relief. Furthermore, interim relief is provided already at the decision point. In addition, some countries receive topping up,⁵³ which enables them to reach the level of sustainability at the completion point. Notwithstanding these positive developments, reconciling debt sustainability, sustained growth and poverty reduction remains a daunting challenge for many least developed countries. In that regard, the fourteenth replenishment of the International Development Association (IDA 14), finalized in February 2005, set a positive tone for future development financing by increasing financial resources by 25 per cent and the number of grants by up to 30 per cent over the next three years.⁵⁴ Debt sustainability will be the primary determinant for grant eligibility in IDA 14, while the joint IMF-World Bank debt sustainability framework aimed at supporting the efforts of HIPC countries in achieving the Millennium Development Goals will provide the analytical basis for linking debt sustainability to grant eligibility.

55. The Brussels Programme of Action recognizes that "Despite the positive effects that domestic policies can achieve in the mobilization of local resources, ODA will remain a critical resource for achieving the objectives, goals and targets of this Programme of Action".⁵⁵ In the Millennium Declaration and the Monterrey Consensus developed countries committed themselves to achieving the target of 0.15 to 0.20 per cent of their gross national income (GNI) as ODA to least developed countries. They agreed not only to provide more but also better aid to harmonize their aid policies, procedures and practices; align aid to the recipient countries' priorities; streamline aid delivery; and, finally, untie aid.⁵⁶ By 2003, seven Organization for Economic Cooperation and Development (OECD)/Development Assistance Committee (DAC) countries (Belgium, Denmark, Ireland, Luxembourg, Netherlands, Norway and Sweden) had surpassed the 0.20 per cent GNI/ODA target and one country (France) had met the 0.15 per cent target.

56. It is worth noting that least developed countries accounted for most of OECD/DAC aid (41.1 per cent) and EU aid (47.1 per cent) in the period 2002-2003, with the aid disbursements of some donor countries exceeding 50 per cent: Belgium (67.3), Denmark (54.3), Ireland (69.6), Italy (63.5), Norway (53.4), Portugal (72.8), and Sweden (52.6). In 2003, 92 per cent of OECD/DAC aid was untied and 94.7 per cent of bilateral aid to least developed countries was provided in grants. Total OECD/DAC net disbursement to least developed countries reached \$22,542 million, or 0.08 per cent of donors' GNI/ODA, a modest increase over 2002,⁵⁷ considering the sizeable dollar depreciation against other major currencies and debt forgiveness to the Democratic Republic of the Congo,⁵⁸ which accounted for most of the aid increase. It is projected that OECD/DAC aid to least developed countries will further increase in 2006, in the light of the commitments made by individual donor countries.⁵⁹ The Paris High Level Forum on Aid Effectiveness, held from 28 February to 2 March 2005, also signalled the determination of donors to improve aid effectiveness by monitoring progress on ownership, aid alignment, harmonization, managing for results and mutual accountability.

57. The share of net foreign direct investment (FDI) flows to least developed countries has increased, reaching almost 5 per cent in the period 2003-2004. However, FDI inflows remained highly concentrated in four oil-exporting African least developed countries: Angola, Chad, Equatorial Guinea and the Sudan. A number of least developed countries have also succeeded in attracting South-South FDI (Lesotho, Nepal, Uganda, etc.) from neighbouring developing countries, owing to their favourable investment climate, geographical proximity, common economic and environmental interests and cultural similarities.⁶⁰

58. Workers' remittances have recently emerged as an important source of external finance for development. They are currently a primary source of external finance to several least developed countries. In 2004 they were quite significant for Bangladesh (\$3.4 billion), the Sudan (\$1.2 billion), Senegal (\$0.3 billion) and Lesotho (\$0.2 billion). They also account for a significant share of GDP in small island least developed countries (Haiti, Kiribati and Samoa).⁶¹

59. Microfinance and microcredit can be a powerful tool for increasing production, growth and poverty eradication. Still, the vast majority of poor people in the least developed countries do not have access to microfinancial services owing to the policy and regulatory environment, insufficient access to information, lack of collateral, and weak human and institutional capacities. In most of the least developed countries, with the exception of Bangladesh (5 per cent), the penetration rates hardly exceed 1 per cent. With the support of the United Nations Capital Development Fund, 11 least developed countries improved their policy and regulatory environment for microfinance, increased the number of borrowers and created viable microfinance institutions that provide quality services in 2004.⁶² Many other least developed countries (Bangladesh, Benin, Sierra Leone, United Republic of Tanzania, Yemen and Zambia) also undertook concrete measures to create an enabling environment for microcredit and microfinance.

60. Several least developed countries,⁶³ with the support of donors, have also made sustained efforts to improve their investment and economic governance through the implementation of investment policy reviews, good governance in investment and least developed country investment guides executed by UNCTAD. These projects have enabled the beneficiary countries to improve their investment

frameworks, adapt to changing policy environment at the national and international levels and enhance perceived images of these countries as investment locations.

61. Official development assistance remains the main source of external finance for the least developed countries because of their limited capability to raise domestic resources, high vulnerability to external economic shocks and acute susceptibility to natural disasters. Donor countries that committed themselves to the 0.15-0.20 per cent GNI/ODA target should make their best effort to reach that target no later than 2006.⁶⁴ The International Finance Facility should be launched in 2005 to support an immediate front-loading of ODA.

62. Full cancellation of the external debt of HIPC least developed countries and significant debt relief for the non-HIPC least developed countries are critical to enable them to reduce poverty and achieve sustained growth. Debt sustainability needs to be redefined to enable the least developed countries to achieve the goals contained in the Brussels Programme of Action without an increase in debt ratio. All loans to least developed countries, including concessional ones, should be provided in the form of grants. Furthermore, debt relief needs to be placed in a broader development agenda that includes stronger national policies, more targeted and predictable development assistance and an enabling international environment for growth.

63. A good investment climate is essential for attracting productive private investment that drives growth, creates sustainable jobs for poor people and improves their livelihoods. Creating a good investment climate requires from Governments not only adopting policies and measures that remove unjustified costs, risks and barriers to competition by firms, but also addressing a broader investment agenda: stability and security, regulation and taxation, finance and infrastructure, workers and labour markets. A sound domestic investment climate also needs to be supported by international rules and standards. There is a need, through triangular cooperation, to ensure the complementarities of South-South and North-South private capital flows.

64. The enormous potential of microfinance and microcredit can be fully realized in combination with other interventions such as social protection programmes, wage employment schemes, and education and training, and as part of a broader poverty eradication strategy.

65. Workers' remittances can have a positive effect on poverty alleviation, sustained growth and sustainable development. To enhance the development impact of remittances, both recipient and origin countries should pursue integration of migration and remittances in their development policy. They should also adopt specific policies to affect volumes of remittances, remittance transfer mechanisms, management of remittance funds, the use of remittances and diaspora contributions to development. Other innovative financing mechanisms⁶⁵ need also to be explored, but as additional and, not alternative, sources of financing for development in the least developed countries.

III. Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

66. During the reporting period, the Office has been pursuing the implementation of its mandate with regard to the least developed countries (awareness-raising and advocacy, mobilization and coordination of international support and monitoring and reporting), guided by its midterm plan⁶⁶ and based on the programme budget for 2004-2005.⁶⁷ As a result of successfully applied advocacy strategies and activities (statements, website, publications, events, media and outreach campaigns), there has been greater international awareness about the vulnerabilities and special needs of the least developed countries. That awareness was manifest in the increased number of references to the least developed countries in the statements of delegations and resolutions adopted by the United Nations and other multilateral, regional and subregional forums and their outcomes.

67. To ensure full mobilization of all parts of the United Nations system for the integrated and coherent follow-up, implementation and monitoring of the Programme of Action at the national, regional and global levels, the Office has been using the existing coordination mechanisms, such as the United Nations Development Group and, through it, the Resident Coordinator system, as well as the Executive Committee on Economic and Social Affairs. It has also continued to encourage all United Nations entities and multilateral organizations that have adopted decisions on mainstreaming to undertake regular sectoral reviews of the Brussels Programme of Action and include information on its implementation in their reporting.⁶⁸

68. Four Open Forums for Partnership, on agriculture, commodities, HIV/AIDS and emergency preparedness, have been also organized by the Office to reach out to civil society and the private sector, mobilize international support and raise awareness about the specific constraints and special needs of the least developed countries in development. A number of activities, including panels, round tables and dialogues, were organized in preparation for the high-level plenary of the General Assembly and the International Year of Microcredit in 2005. Special events on governance, HIV/AIDS and gender equality were organized by the Office to highlight the challenges faced by the least developed countries and to advocate for the effective implementation of the Brussels Programme of Action. In collaboration with the Department of Economic and Social Affairs, the Office has ensured system-wide coordination in the organization of, and the effective follow-up to, the high-level segment of the 2004 substantive session of the Economic and Social Council on the theme "Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010".

69. *The Office was instrumental in the preparation of the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, held from 10 to 14 January 2005 in Port Louis, and its outcomes. To ensure effective follow-up to and implementation of the Almaty Programme of Action, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States organized the high-level meeting on the role of international,*

regional and subregional organizations for the implementation of the Almaty Programme of Action, in Almaty, Kazakhstan, from 29 to 31 March 2005. It also contributed to the successful outcome of the Ministerial Conference on Transport and Infrastructure, held in Addis Ababa in April 2005. The adoption in 2003 of the Almaty Programme of Action and in 2005 of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States constitute important contributions towards the implementation of the Brussels Programme of Action, since they directly concern 16 landlocked and 12 small island least developed countries.

IV. Conclusions and recommendations

70. Despite the significant progress of some least developed countries in meeting specific goals, the progress of the least developed countries, as a group, in meeting most of the goals⁶⁹ has been slow and uneven. Their progress has not been sufficient to achieve the goals of the Brussels Programme of Action and its objective of eradicating poverty and achieving sustained growth and sustainable development in the least developed countries. Moreover, it is projected that the number of people living in extreme poverty may increase from 334 million in 2000 to 471 million in 2015, if the current incidence of extreme poverty persists.⁷⁰

71. Three obstacles — country ownership, capacity and resources — identified in the first progress report,⁷⁰ continue to hamper implementation of the Brussels Programme of Action by the least developed countries. Lack of statistics and statistical capacity in the least developed countries pose a serious challenge to their proper monitoring and reporting on national implementation of the Programme of Action. Strengthening ownership requires preparation by the least developed countries of a results-based poverty reduction strategy whereby public actions of the least developed countries and donor support are aimed at achieving the goals and objectives of the Brussels Programme of Action. Addressing the challenges of capacity-building and resources mobilization calls for strengthening the partnership between the least developed countries and their development partners, the very foundation of the Brussels Programme of Action. Developed countries should fulfil their commitments on ODA, debt relief, trade and technology transfer, fully and expeditiously, to enable the least developed countries to achieve the goals of the Brussels Programme of Action by 2010.

72. The Brussels Programme of Action needs to be integrated in the development policies, strategies and programmes of the development partners of the least developed countries, including monitoring and reporting. All United Nations reports on economic and social items should include, in the analysis of global development trends, a group of countries classified by the United Nations as least developed countries to ensure monitoring of their development in a broader context, prevent their further marginalization and integrate them beneficially in the world economy.

73. Country-level coordination of various development programmes in the least developed countries needs to be strengthened in order to ensure that the integrated and coordinated follow-up to and implementation of the outcomes of the major United Nations conferences and summits will take into account the

outcomes of the Brussels Programme of Action. To that end, United Nations country teams should support, as a priority, the preparation and the implementation of national development strategies based on the Brussels Programme of Action in the least developed countries. United Nations Resident Coordinators should also include the Brussels Programme of Action in their annual reporting.

Notes

- ¹ TD/B/48/14; UNCTAD, *The Least Developed Countries, 2004 Report*.
- ² E/CN.3/2002/26.
- ³ A total of 41 inputs, 10 from the least developed countries, 6 from donors, 22 from the United Nations system and international organizations and 3 from regional organizations.
- ⁴ Economic and Social Council resolution 2004/65.
- ⁵ Afghanistan, Bhutan, Burkina Faso, the Central African Republic, Equatorial Guinea, the Gambia, Madagascar, Maldives, Mozambique, Sierra Leone and the United Republic of Tanzania.
- ⁶ Angola, Chad, Lesotho, Mauritania, Mozambique, Nepal and Sao Tome and Principe.
- ⁷ UNCTAD, *The Least Developed Countries, 2002 Report* and *The Least Developed Countries, 2004 Report*.
- ⁸ Department of Economic and Social Affairs, Statistics Division.
- ⁹ World Bank Board Presentation of PRSP documents, 30 September 2004.
- ¹⁰ World Bank, *The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank's Support Through 2003, 2004*.
- ¹¹ Martin Ravallion, "Pro-Poor Growth: A Primer", World Bank Policy Research Paper, March 2004.
- ¹² See www.ipu.org/wmn-e/classif.htm.
- ¹³ S/2004/616.
- ¹⁴ Angola, Benin, Burkina Faso, Ethiopia, Lesotho, Malawi, Mali, Mozambique, Rwanda, Senegal, Sierra Leone, the United Republic of Tanzania, Uganda and Zimbabwe.
- ¹⁵ "Striving for Good Governance in Africa", 2005 African Governance Report.
- ¹⁶ Benin, Burkina Faso, Malawi, Mali, Mauritania, Rwanda, Uganda and the United Republic of Tanzania.
- ¹⁷ Benin, Cape Verde, Lesotho, Madagascar, Mali, Mozambique, Senegal and Vanuatu.
- ¹⁸ E/CN.9/2005/3.
- ¹⁹ DP/FPA/2005/6.
- ²⁰ World Population Prospects: The 2004 Revision Population Database, Department of Economic and Social Affairs, Population Division.
- ²¹ See www.childinfo.org/areas/delivery_care.
- ²² UNICEF, *The State of the World's Children Report 2005*.
- ²³ A/59/261.
- ²⁴ UNAIDS 2004 Report on the global AIDS epidemic.

- ²⁵ United Nations Department of Economic and Social Affairs, *Review and Appraisal of the Progress Made in Achieving the Goals and Objectives of the Programme of Action of the International Conference on Population and Development, the 2004 Report* (United Nations publication, Sales No. E.04.XIII.8).
- ²⁶ For example, public expenditures on health in the least developed countries in 2001 were only \$4.3 per capita, or 1.9 per cent of their GDP, World Development Indicators, 2004.
- ²⁷ UNCTAD, *The Least Developed Countries, 2004 Report*.
- ²⁸ Vodafone Policy Paper Series, "Africa: the impact of mobile phones", March, 2005.
- ²⁹ World Bank, *Doing Business in 2005: Removing Obstacles to Growth*, 2005.
- ³⁰ World Economic Forum, *Global Competitiveness Report 2004-2005*.
- ³¹ See *Unleashing Entrepreneurship: Making Business Work for the Poor* (United Nations publication, Sales No. E.04.III.B.4), April 2004.
- ³² In 2002, of 49 least developed countries, 31 were exporters of primary commodities and only 18 were exporters of manufactured goods or services.
- ³³ *One Minute to Midnight*, Oxfam Briefing Paper, July 2004.
- ³⁴ Recent research suggests that rules of origin raise costs of goods by between 3 and 5 per cent; see P. Brenton and M. Manchin, *Making EU Trade Agreements Work: The Role of Rules of Origin*, The World Economy, vol. 26, 2003; UNCTAD/ITCD/TSB/2003/8.
- ³⁵ TD/B/51/CRP.1.
- ³⁶ WT/L/508, WTO, 20 January 2003.
- ³⁷ Afghanistan, Bhutan, Cape Verde, Ethiopia, the Lao People's Democratic Republic, Samoa, the Sudan, Vanuatu and Yemen.
- ³⁸ Jointly managed by IMF, ITC, UNCTAD, UNDP, World Bank and WTO.
- ³⁹ Benin, Burundi, Cambodia, Chad, Djibouti, Eritrea, Ethiopia, Guinea, the Lao People's Democratic Republic, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, the United Republic of Tanzania, Yemen and Zambia.
- ⁴⁰ Burundi, Cambodia, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Nepal, Senegal and Yemen.
- ⁴¹ Jointly managed by ITC, UNCTAD and WTO.
- ⁴² Benin, Burkina Faso, Malawi, Mali, Mauritania, Mozambique, Senegal, Uganda, the United Republic of Tanzania and Zambia.
- ⁴³ Independent evaluation of the Advanced Cargo Information System in 2002.
- ⁴⁴ UNCTAD, *The Least Developed Countries, 2002 Report*.
- ⁴⁵ A/CONF.206/6.
- ⁴⁶ Burkina Faso, the Democratic Republic of the Congo, Mozambique, Rwanda, the Sudan, Togo and Yemen ratified the Protocol in 2004-2005.
- ⁴⁷ Global Environment Facility, Annual Report, 31 March 2005.
- ⁴⁸ E/2004/54.
- ⁴⁹ Benin (2003), Burkina Faso (2002), Ethiopia (2004), Madagascar (2004), Mali (2003), Mauritania (2002), Mozambique (2001), the Niger (2004), Senegal (2004), Uganda (2000) and the United Republic of Tanzania (2001).

- ⁵⁰ Chad (2001), the Democratic Republic of the Congo (2003), the Gambia (2000), Guinea (2000), Guinea-Bissau (2000), Malawi (2000), Rwanda (2000), Sao Tome and Principe (2000), Sierra Leone (2002) and Zambia (2000).
- ⁵¹ Burundi, the Central African Republic, the Comoros, the Lao People's Democratic Republic, Liberia, Myanmar, Somalia, the Sudan and Togo.
- ⁵² Heavily Indebted Poor Countries (HIPC) Initiative — Statistical Update, 4 April 2005, prepared by the staffs of the World Bank and IMF.
- ⁵³ Topping up was provided to Burkina Faso, Ethiopia, the Niger, the Democratic Republic of the Congo, Rwanda, Sierra Leone and Zambia.
- ⁵⁴ Of 50 least developed countries, 47 are eligible for IDA soft loans, but Liberia, Myanmar, Somalia and the Sudan are inactive; a total of 81 developing countries are IDA borrowers.
- ⁵⁵ A/CONF.191/11.
- ⁵⁶ The 2001 DAC high-level meeting adopted a recommendation on untying all aid to least developed countries, excluding technical cooperation and food aid.
- ⁵⁷ Net disbursement of aid to least developed countries in 2002 was \$15.8 million, or 0.06 per cent of total OECD/DAC aid.
- ⁵⁸ \$4.4 million.
- ⁵⁹ Official development assistance from Austria, Germany, Greece, Italy and Portugal is expected to reach 0.33 per cent of GNI in 2006; from Luxembourg, Norway and Sweden, 1 per cent in the period 2006-2009; from Ireland 0.7 per cent and France 0.5 per cent by 2007; five countries committed themselves to reaching 0.7 per cent at a later stage — Belgium and Finland by 2010, France and Spain by 2012, and the United Kingdom of Great Britain and Northern Ireland by 2013.
- ⁶⁰ World Bank, *Global Development Finance 2005*.
- ⁶¹ IMF, *World Economic Outlook 2005*.
- ⁶² DP/2004/17.
- ⁶³ Bangladesh, Benin, Cambodia, Ethiopia, the Gambia, Guinea-Bissau, Lesotho, Maldives, Mali, Mauritania, Nepal, Senegal, Swaziland, the United Republic of Tanzania and Zambia.
- ⁶⁴ In fact, it is estimated that donor countries must reach 0.22 per cent of their GNI as ODA to the least developed countries to enable them to achieve the Millennium Development Goals; "Investing in Development — a practical plan to achieve the Millennium Development Goals", United Nations Millennium Project report.
- ⁶⁵ "Moving forward: financing modalities toward the MDGs", prepared by the staffs of the World Bank and IMF; A/59/272.
- ⁶⁶ A/57/6/Rev.1, programme 26.
- ⁶⁷ A/58/16, part III, section 10.
- ⁶⁸ Currently, only ESCAP, FAO, UNCTAD and WTO undertake sectoral reviews of implementation of the Programme of Action by their governing bodies.
- ⁶⁹ Not all goals could be monitored owing to poor data coverage and lack of adequate methodology to assess progress.
- ⁷⁰ A/58/86-E/2003/81.



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Follow-up to and implementation of the outcome of the
International Conference on Financing for Development

Economic and Social Council
Substantive session of 2005
Item 6 (a) of the provisional agenda*
Implementation of and follow-up to major
United Nations conferences and summits:
follow-up to the International Conference
on Financing for Development

Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 18 April 2005)

I. Introduction

1. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD) was held on 18 April 2005. The overall theme of the meeting was "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus: achieving the internationally agreed development goals, including those contained in the Millennium Declaration". The meeting had before it a note by the Secretary-General (E/2005/50) that provided background information and raised a number of questions.

2. The 2005 meeting was preceded by extensive consultations within the Economic and Social Council, and between the members of the Bureau of the Council and the management of the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, as well as by separate meetings with Executive Directors of the International Monetary Fund (IMF) and the Executive Board of the World Bank. The President of the Council also met with the Chairperson of the General Council of the World Trade Organization and the President of the Trade and Development Board of the United Nations Conference on Trade and Development. In addition, the Bureau of the Council held a videoconference with the President of the Trade and Development Board. The agenda and the format of the special high-level meeting were discussed and mutually agreed upon at the above meetings.

* E/2005/100.



3. The consultations had resulted in agreement on three sub-themes that were the focus of substantive discussions in the six round tables that took place during the meeting. The three sub-themes were: (i) Policies and strategies; (ii) Trade, investment and private flows; and (iii) Official development assistance (ODA), innovative sources of financing and debt. The format of the meeting featured a brief opening plenary, including statements by the President of the Economic and Social Council, Munir Akram, the Secretary-General of the United Nations, Kofi Annan, the Chair of the Development Committee, Trevor Manuel, the President of the Trade and Development Board of UNCTAD, Mary Whelan, and the Representative of the Chair of the International Monetary and Financial Committee, Augustin Carstens. It was followed by six parallel and interactive round tables, two for each of the three sub-themes mentioned above. A resumed afternoon plenary was devoted to reporting on the discussions at the round tables and to further debate.

4. The chairs, co-chairs, lead discussants and discussants of the round tables were as follows: (round table A) Carin Jämtin, Minister for International Development Cooperation (Sweden) and Elias Saba, Minister of Finance (Lebanon) with Hilde F. Johnson, Minister of International Development (Norway) and Augustin Carstens, Deputy Managing Director of IMF, as lead discussants, and Suma Chakrabarti, Permanent Secretary, Department for International Development (United Kingdom of Great Britain and Northern Ireland), Burhanuddin Abdullah, Governor of the Central Bank of Indonesia, and Philippe Etienne, Director-General of International Cooperation (France), as discussants; (round table B) Willy Kiekens, Senior Executive Director of IMF, and Seraphine Wakana, Minister for Planning, Development and Reconstruction of Burundi, with Juan Somavía, Director-General (International Labour Organization) and Ian Goldin, Vice-President of the World Bank, as lead discussants, and Brigita Schmognerova, Executive Secretary, Economic Commission for Europe, and Ruth Jacoby, Director-General, Ministry for Foreign Affairs (Sweden), as discussants; (round table C) Fernando Canales Clariond, Minister of the Economy (Mexico), and Mary Whelan, President, UNCTAD Trade and Development Board, with Carlos Fortin, Officer-in-Charge, UNCTAD, and Cristian Popa, Deputy Governor of the National Bank of Romania, as lead discussants, and Mohammed-Jafar Mojarad, Deputy Central Bank Governor of the Islamic Republic of Iran, as discussant; (round table D) Pierre Duquesne, Executive Director for the World Bank and IMF, and Abdul Hafeez Sheikh, Minister of Privatization and Investment (Pakistan), with Francisco Thompson-Flores, Deputy Director-General (WTO) and Bruce Montador, Vice-President, Canadian International Development Agency, as lead discussants, and Vladimir Tvaroska, State Secretary, Ministry of Finance (Slovakia), as discussant; (round table E) Manuel Chang, Minister of Finance (Mozambique), and Tom Scholar, Executive Director for the World Bank and IMF, with José Antonio Ocampo, Under-Secretary-General (United Nations Department of Economic and Social Affairs), Peter Ammon, Director-General, Federal Ministry for Foreign Affairs (Germany), and Richard Manning, Chair, Organization for Economic Cooperation and Development Development Assistance Committee, and Maria Luiza Viotti, Director-General, Department for Humanitarian and Social Affairs, Ministry of External Relations (Brazil), as discussant; (round table F); Anastas Angjeli, Minister of Economy (Albania), and Yahya Alyahya, Dean of the Board of the World Bank, with Rakesh Mohan, Secretary, Department of Economic Affairs, Ministry of Finance (India) as lead discussant, and Ron Keller, Director-General of International Cooperation, Ministry for Foreign Affairs (Netherlands), as discussant.

5. This year's meeting brought together an unprecedented number of high-level officials representing a wide variety of stakeholders. A large number of executive

and alternate directors of the Boards of the World Bank and of IMF and the Deputy Director-General of the World Trade Organization participated in the meeting. Senior officials of the United Nations, the World Bank, IMF, United Nations Development Programme and other United Nations agencies also took part in the event, as well as representatives of other international bodies, including the Chairman of the Development Assistance Committee of OECD. Other participants included ministers of finance and of development cooperation, governors of central banks and heads of international organizations, as well as high-level officials in the areas of trade, finance, development cooperation and foreign affairs (see E/2005/INF/1). Representatives of non-governmental organizations and the private sector also participated in the plenary meetings and round tables.

II. General considerations

6. In the view of many participants, the special high-level meeting assumed particular importance in 2005. There seemed to be a significant momentum to carry the international development agenda forward. Several of the key issues had been considered by ministers of finance and development cooperation during the meetings of the International Monetary and Financial Committee and the Development Committee in Washington, D.C., the two previous days. The report of the Secretary-General entitled "In larger freedom: towards development, security and human rights for all", the communiqués from the recent Washington meetings and the note by the Secretary-General for the present meeting reflected the magnitude of the national and international efforts required and the need for a holistic approach to development as agreed in the Monterrey Consensus. In June, the High-level Dialogue of the General Assembly on Financing for Development will examine progress in the implementation of the Monterrey Consensus. Following the Dialogue, the high-level segment of the Economic and Social Council will address progress towards the internationally agreed development goals. The outcomes of these meetings will constitute a key input to the High-level Plenary Meeting of the General Assembly in September 2005 on the implementation of the Millennium Declaration.

7. There was a general view that it was critical to continue to build momentum towards the High-level Plenary Meeting which would provide a unique opportunity to agree on the actions necessary to make possible the achievement of the Millennium Development Goals and to implement without delay the commitments agreed upon in the Monterrey Consensus; it could also provide the impetus for a successful outcome of the WTO Ministerial Conference in December 2005. Many participants stressed the need for immediate action since there was agreement on the international development goals and, at Monterrey, a consensus had emerged regarding main national and international policy orientations and concrete actions. The 10-year countdown to achieve the Millennium Development Goals had started.

8. A summary of the opening statements and subsequent deliberations, structured according to the three topics addressed in the six round tables and comprising the main aspects of the exchange of views and statements made at the afternoon plenary session, is set out below.

III. Policies and strategies

Mobilization of domestic resources for development

9. Several speakers stated that a national development strategy was an important instrument to achieve the Millennium Development Goals. Such a strategy had to be fully owned, that is, formulated within the country, and it should respond to the country's specific needs and circumstances. A clear long-term vision of development objectives was necessary as the guiding framework for short-term and medium-term policy actions and decisions.

10. According to several participants, adequate policy space was an important aspect in formulating the policy orientations. However, the increasing interdependence of national economies in a globalizing world and the emergence of rule-based regimes for international economic relations meant that the space for national economic policy was now framed by international discipline, commitments and global market considerations. Therefore, Governments needed to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by a reduced policy space. It had become necessary to pursue an appropriate balance between national policy orientations and international disciplines and commitments.

11. A number of representatives stressed that a national development strategy should enhance the means to achieve an equitable distribution of the benefits of development and unleash the potential of the poor to generate and pursue development initiatives. While recognizing the importance of macroeconomic stability in securing strong and sustainable economic growth, some participants underlined the need to strike a balance between short-term macroeconomic objectives and long-term development goals; for example, fiscal discipline should be achieved in a medium-term framework and fiscal policies should not be procyclical.

12. Several speakers underscored the difficulties faced by many countries in setting priorities. When a country faced poverty levels reaching two thirds of the population, and lacked skilled human resources and critical infrastructure, deciding on priorities was extremely hard; this was the situation in a significant number of developing countries, particularly in Africa. Official development assistance could provide additional resources to advance simultaneously on various fronts, but it had to be integrated into the national development strategy. In that context, some representatives pointed out the importance of more active recipient Government participation in directing aid.

13. Many speakers expressed the view that employment creation should constitute a critical element of the national development strategy, given its central role in reducing poverty and facilitating the achievement of the Millennium Development Goals. It was noted that job growth and economic growth were often disconnected; the assessment of the employment impact of development programmes and projects was therefore important. Some participants pointed out the need for investment and credit policies focusing on the self-employed and on micro-, small and medium-sized enterprises, since they created the bulk of jobs in virtually every country.

14. Good governance was underscored by a number of speakers as critical to a well-functioning market economy and the effective implementation of a national

development strategy. In particular, enhancing transparency at all levels and combating corruption were seen as essential. It was important that all countries, including OECD countries, ratify the United Nations Convention on Corruption. It was also important to consult with the various strands of civil society and incorporate them in development tasks.

15. According to some representatives, support for private sector-led growth was essential. In the overwhelming majority of countries, local private capital formation constituted the bulk of investment. It was necessary to remove costly obstacles to private investment and facilitate the channelling of savings to the creation and expansion of private business. A large informal sector, often the result of excessive regulations, was a drag on development. It was stressed that there was a need to strengthen the role of the State, including its role in improving the climate for private sector activity, by removing unnecessary regulations and enhancing the institutional regulatory and judicial frameworks for that activity. The development of the financial sector was a central task in many developing countries; indeed, an improved financial infrastructure was essential for private sector development, particularly for small and medium-sized enterprises.

Systemic issues: strengthening the multilateral system to promote development

16. Several participants stated that, while the world economic situation had improved and there were widespread gains in most regions, future progress faced unusual challenges. Global imbalances were huge and still widening, and oil prices remained volatile. Both factors called for difficult measures in individual countries alongside increased international cooperation and coordination. Some participants expressed concerns regarding the volatility of exchange rates, which partly explained the high level of foreign reserves accumulated by a number of developing countries. This accumulation represented a diversion of national resources from national development. A smooth reduction in global imbalances was important to reduce the risks of abrupt increases in interest rates and further volatility in exchange rates. That required, inter alia, more effective and focused IMF surveillance.

17. Many speakers underscored the importance of enhanced coherence. At the country level, improved collaboration was necessary among ministries of finance, development cooperation and foreign affairs to reduce incoherence. At the regional level, regional and subregional institutions as well as regional initiatives would benefit from increased coordination. At the multilateral level, there had been progress in coordination among key development institutions, i.e. the United Nations agencies and the international financial institutions. There was still a need, however, for greater coordination to reduce overlap and fragmentation, and to ensure that efforts towards achieving the Millennium Development Goals were optimized. Some representatives underlined that the task also required a clear division of labour, respectful of individual mandates and based on the sharing of specific expertise among institutions.

18. Several participants pointed out that many developing countries remained vulnerable to external economic shocks. It was noted that improving economic fundamentals was a key factor in reducing vulnerability. Some representatives

stressed the need for instruments in the international financial institutions that would help vulnerable countries better absorb those shocks. It was also necessary to give adequate attention to the concerns of middle-income countries in global economic discussions.

19. In the view of a number of speakers, the Monterrey Consensus had provided clear guidelines for greater participation of developing countries in international dialogue and decision-making processes. Effective governance was better served by democracy in decision-making. Thus, it was important to strengthen the voice and participation of developing countries in the international financial institutions and to ensure that this was done soon. Some speakers indicated that, in order to give adequate voting power to small countries in IMF, it was necessary to increase the number of basic votes.

IV. Trade, investment and private flows

International trade: policies and multilateral trade negotiations

20. Most representatives emphasized that international trade could make a substantial contribution to financing for development. They recalled the commitment in the Monterrey Consensus to a rule-based, open, non-discriminatory and equitable trading system. They stressed the urgency of moving quickly for a successful conclusion of WTO negotiations in 2006 on the basis of a truly development-oriented Doha agenda. It was necessary to make decisive progress in the WTO Ministerial Conference to be held in Hong Kong in December 2005. In the view of many participants, the critical elements in such negotiations were: improved market access for developing countries in agriculture, manufactures and services; elimination of trade-distorting non-tariff barriers; and provision of adequate preferential and differential treatment.

21. Several representatives pointed to the importance of addressing supply-side constraints in low-income countries, since increased market access did not necessarily lead to investments in productive capacity, including those made in infrastructure and transport systems. Moreover, the problems caused by dependence on commodities and natural resources in low-income countries deserved special attention. In particular, it was crucial to assist those countries in their diversification efforts. A number of speakers stressed the need to give priority to Africa in building trade-related infrastructure by substantially scaling-up development assistance, combined with trade-related technical assistance. There was a widespread view that aid for trade — in the form of bilateral and multilateral assistance to enable countries to benefit from increased market access — had a central place in international cooperation.

22. According to some participants, the current trading system had been undermining food security in parts of the developing world. Export subsidies were creating competitive price pressures on farmers in developing countries in their own domestic markets by reducing demand for domestically produced agricultural goods. Several representatives underscored the importance of the provision of duty-free and quota-free treatment of exports from the least developed countries.

23. It was noted that South-South trade had been growing at a rapid pace, and that regional integration was assuming increasing importance. It was stated that further regional integration could help to accelerate development. A number of speakers mentioned that developing countries themselves could assist the least developed countries by granting duty-free and quota-free treatment to their exports. Some participants observed that the movement of labour across countries was increasing substantially and that the policies on mode 4 — movement of labour to supply services — needed to be further examined in WTO discussions.

24. Several representatives emphasized the importance of an adequate sequencing of policies in particular of macroeconomic policies and liberalization of capital markets and trade. It was noted that there was a crucial link between international trade policies and policies to foster domestic and foreign investment.

Promoting investment and private flows

25. A number of participants underscored the need to generate a favourable environment for business that included an adequate regulatory environment, rule of law, respect for property rights, transparency and an enabling infrastructure, which were all important factors for domestic and foreign investors. Macroeconomic policies leading to a degree of stability were also important. The multilateral organizations could play a significant role in assisting private sector development through advice and capacity-building in the areas of policy formulation and implementation, as well as by enhancing the institutional and physical infrastructure and the provision of information. Some speakers stated that South-South foreign investment was on the increase and should be encouraged.

26. While some representatives pointed out some success stories, particularly in transition economies, others stressed that a number of developing countries were still lagging in reforms to improve the investment climate. The latter countries had not made significant progress in addressing weak regulatory regimes and lacked effective market institutions; they also faced difficult choices regarding the political economy of reform. The challenge of implementing such reforms was particularly large in small, fragile countries.

27. Several speakers underscored the need for more extensive dialogue between private and public sectors regarding specific policies to strengthen the investment climate. Such dialogue between policymakers and stakeholders was an important aspect of the democratic process. Also, there was a need for a clearer definition of private-public partnerships and the problems they were meant to solve. While the track record of such partnerships had been mixed, they could play an important role in a number of areas. Some representatives stressed that the partnerships were more sustainable when private participation was underpinned by a genuine business interest and there existed a commonality of interest. In small States that were struggling to attract purely private investment, private-public partnerships could be critical; however, that avenue was particularly challenging in small States, as weak governance could result in control by vested interests.

28. A number of speakers expressed concerns regarding the stability of international private financial flows. Besides enhanced macroeconomic fundamentals and improved multilateral precautionary arrangements, including sufficient official liquidity, floating exchange rates could be helpful. Some

participants stressed the need to adopt the appropriate kind of prudential regulations in developing countries, particularly important at a time of growing flows involving new financial instruments. There was the view that, in capital markets, long-term flows should be liberalized before short-term ones.

29. A number of participants emphasized that increased borrowing in the local currency by developing and transition countries, both internally and from foreigners, should be encouraged. This would reduce the severity and risk of financial crises by limiting currency mismatches. The task required improvements to the domestic financial structure and the ability to develop suitable investment instruments and to issue significant amounts of domestic currency debt. Research by financial experts suggested that it was possible to develop an investment instrument out of a portfolio of domestic currency assets that could be attractive to foreign investors.

30. Some speakers noted the importance of developing private capital markets in Africa. African stock markets were undervalued: their price-earnings ratios were considerably lower than those of the Standard and Poor 500, though their rate of return in 2003 and 2004 had been considerably higher than the rate in Latin America or Europe. Moreover, market volatility of portfolio investments was not a serious problem in Africa (especially in equity markets in Egypt and South Africa), particularly when compared to other markets. The lack of transparency in the working methods of rating agencies was also noted. Transparency should be enhanced, since ratings had a significant impact on the ability of countries to gain access to capital from global financial markets.

31. Remittances from migrant workers continued to increase and largely exceeded official development assistance; in some countries, they were the largest source of foreign exchange. Several participants stated that, although very important for social reasons, the development dimension of remittances could be questioned. In small, low-income countries, migration of skilled labour was particularly burdensome, even if it led to larger remittances. Yet, according to a number of representatives, remittances would continue to increase due to migratory pressures in labour-exporting countries and ageing populations in labour-receiving countries. The issue was to ensure a low cost of transfer of such flows and to continue to examine initiatives and guidelines to use a substantial part of remittances for development purposes.

V. Official development assistance, innovative sources of finance and debt

Aid: volume, quality and main objectives

32. Many participants said that the Monterrey Consensus called upon donors that had not yet done so to reach the target of 0.7 per cent of gross national product as ODA. ODA remained short of both that target and the amount needed to meet the Millennium Development Goals. A rapid increase in aid flows was necessary. It was stated that although ODA had increased significantly since Monterrey, caution in interpreting numbers was necessary, since they embraced debt cancellation, technical assistance and humanitarian assistance. Actual cash transfers for development and poverty eradication programmes had barely grown.

33. A number of representatives noted that commitments were increasing, including those by non-Development Assistance Committee donors. The European Union had a new intermediate target (0.56 per cent of gross national income) for 2010 and several of its member countries were committed to scaling up their aid efforts beyond that date. However, some representatives questioned the opportunity of a global time frame and called for a focus on aid achievements rather than on commitments. It was pointed out that aid dependence was not conducive to self-sustaining development and that one key objective should be to avoid the aid trap.

34. Several speakers underlined that, for aid to be effective, recipient countries should receive more predictable, long-term, unconditional ODA. This would allow recipient countries to better integrate aid flows into the design of their development strategy. It was also underscored that an appropriate mix should be found of aid flows into human development, infrastructure and other investments, in particular the universal provision of electricity services. Front-loading of aid was critical in the efforts to reach the Millennium Development Goals. The special aid needs of fragile States were also recognized; such countries required, if possible, grants. A number of participants welcomed the successful conclusion of the fourteenth replenishment of the Development International Association (IDA 14).

35. Aid coordination and harmonization were described by many speakers as crucial factors in improving aid effectiveness. Progress had taken place on both issues, as reflected in the deliberations of the Paris High-level Forum on Aid Effectiveness in March 2005. Further progress was, however, necessary. Indeed, several participants viewed aid as still too donor-driven and conditional; streamlining conditionality was therefore necessary.

36. Sustainable programmes in health and education were critical for the achievement of the Millennium Development Goals. It was stressed that this required regular funding, on both a short-term and a long-term basis, by Governments and — in the case of low-income countries — through more stable and predictable ODA. The latter was essential for sub-Saharan Africa since the regional literacy rates and technical skills, both key preconditions for development, were low compared to those of other developing countries. Some representatives also pointed out that ODA programmes needed to be tailored to private sector development, as the expansion of the private sector was important for economic growth and increasing employment.

Innovative sources of finance

37. Many participants expressed support for innovative sources of finance, such as the International Financing Facility proposed by the United Kingdom of Great Britain and Northern Ireland, as well as other proposals made in the context of the Initiative against Hunger and Poverty launched by President da Silva of Brazil in 2004. The innovative sources of finance should be additional to ODA commitments and should not distract donors from achieving the 0.7 per cent target. Several representatives concurred that the new innovative sources were critical for a quantum jump in aid and to ensure the achievement of the Millennium Development Goals. The initiative of a group of five countries (Brazil, Chile, France, Germany and Spain) involved technical development of various proposals on innovative mechanisms of public and private financing that was both compulsory and

voluntary. The initiative had received widespread support — from 112 countries — at the Summit of World Leaders for Action against Hunger and Poverty, held in New York in September 2004.

38. A number of speakers pointed out that the recent Development Committee meeting had addressed the issue of innovative sources of development financing and had welcomed further work on the issue. The negotiations among interested parties on the proposed pilot programme on immunization to be financed by an arrangement similar to the International Financing Facility scheme were well advanced. Also, the Development Committee noted the political momentum for the various proposals and invited the Bretton Woods institutions to deepen their analysis of the most promising internationally coordinated and nationally applied taxes for development.

39. Regarding implementation, some participants pointed out that the new sources should generate stable and predictable flows and should be acted upon soon so that they have a timely impact for the achievement of the Millennium Development Goals. Other participants expressed reservations about: the limited absorptive capacity in recipient countries; how the additional aid could be delivered; the fact that taxes could involve additional costs; and the complexity of the fiscal budget implications of the International Financing Facility in donor countries. Moreover, some donor countries were opposed to the idea of global or international taxes, although it was also emphasized that the taxes being proposed would be internationally coordinated but nationally imposed.

40. It was stressed that while the innovative proposals covered a broad spectrum (taxes on international financial transactions, air travel, global public goods, arms sales; the use of special drawing rights and of remittances for development purposes; private donations and other types of voluntary contributions), some of the proposals were at an advanced stage of development, did not require universal acceptance and could be acted upon by those countries ready to do so. Many representatives underscored the importance of an incremental approach: advancing with pilot projects that could mobilize some or many contributing countries, while taking advantage of the existing momentum to broaden support and build consensus in the other proposals already under examination.

External debt

41. Several representatives pointed out that there had been progress in implementing the Heavily Indebted Poor Countries (HIPC) Initiative, even though many HIPC countries still had a huge debt burden. Many speakers expressed the view that there was an urgent need to go beyond the current enhanced HIPC framework and agree on a more ambitious debt reduction initiative. There was also a need to consider the situation of debt-distressed non-HIPC low-income countries as well. Some representatives underscored that the international community should also exert additional efforts to reach a consensus on a comprehensive framework for solving the debt problems of middle-income developing countries.

42. Many speakers stated that debt sustainability analysis was an important element in improving debt management. There were different views regarding approaches to defining debt sustainability in the context of key national objectives. Some participants believed that the concept of sustainable debt should be the debt

level at which a country could implement strategic programmes for development. It could also be defined in terms of the resources needed to achieve the Millennium Development Goals which, in a considerable number of cases, could involve 100 per cent debt forgiveness.

43. Many speakers referred to the large reverse financial transfers in different contexts in the course of the dialogue. Debt cancellation did not necessarily lead to net flows. Moreover, when countries had no capacity to service their external debt, debt cancellation did not generate more resources for development, although it did improve debt indicators. Thus, according to several representatives, it was important to address debt relief programmes as supplementary to ODA, and for them to be linked to time frames for increased ODA disbursements.

44. Some participants stated that collective action clauses were a useful feature of debt restructuring. Debt swaps, including those for environmental purposes, were also mentioned as a potentially useful tool. In the case of vulnerable low-income countries, grants were viewed by many representatives as the preferred vehicle to assist in accelerating development and preventing a debt build-up that could prove unsustainable. Some representatives still had reservations because such an approach prevented the creation of a track record to establish credit-worthiness and could adversely affect the long-term availability of resources from the concessional lending facilities of multilateral development banks.

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Item 7 (h) of the provisional agenda*

Coordination, programme and other questions**Ad hoc advisory groups on African countries emerging from conflict****Report of the Ad Hoc Advisory Group on Guinea-Bissau***Summary*

In response to Economic and Social Council resolution 2005/2, in which the Council extended the mandate of the Ad Hoc Advisory Group on Guinea-Bissau, the present report provides highlights of the work of the Group since its establishment in October 2002. The report also describes how the Group fulfilled its mandate, identifies some remaining tasks with an indicative timetable and concludes with an overview of the challenges facing the country. While the situation of the country remains fragile, the Group believes that, with sustained attention from the international community, progress is possible.

* E/2005/100.



I. Background

1. The present report describes the situation in Guinea-Bissau since the last report of the Ad Hoc Advisory Group on Guinea-Bissau submitted to the Economic and Social Council, on 23 December 2004. The report also provides highlights of the work of the Group since its establishment in October 2002. In so doing, it points to elements of its methods of work and the network of stakeholders that have been involved in helping the Group fulfil its mandate. The report also identifies some remaining tasks with an indicative timetable and concludes with an overview of the challenges facing the country.

2. In its resolution 2005/2, the Economic and Social Council decided to extend the mandate of the Group until its substantive session of 2005. It requested that, in its report to the Council, the Group describe (a) how it has fulfilled its mandate; and, if necessary, include (b) a discussion of the remaining tasks and a timetable for their completion; as well as (c) a discussion of the implementation of its recommendations.

3. Since the Group's last report to the Council on 23 December 2004, the date for presidential elections was set for 19 June 2005. This date was approximately six weeks later than what was envisaged by the Transition Charter. The desire of the majority of political parties to have a new voter register and the slow pace of preparations were responsible for the reasonably justified delay. To ensure constitutional correctness, the Parliament met on 5 May and extended the transitional period until elections are held. Seventeen presidential candidates are expected to compete in the elections. Following letters of appeal written to member States by the President of the Economic and Social Council, on the advice of the Ad Hoc Advisory Group on Guinea-Bissau and of the Chair of the Group of Friends of Guinea-Bissau, we were successful in helping Guinea-Bissau mobilize the funding for the electoral budget, 4.9 million euro (€), which has been largely met. Additional financing may be required if there is more than one round of elections.

II. Current situation

4. In preparation for the elections, 17 candidates expressed their desire to compete in the presidential election by seeking permission from the Supreme Court to be candidates. The Supreme Court decided to clear former Presidents Joao Bernardo Vieira and Kumba Yala to be among those eligible to be candidates. Former President Kumba Yala used the Supreme Court's declaration to inject uncertainty and tension into the process by declaring that he was still President of Guinea-Bissau. However, despite several organized protests after the declaration of former President Kumba Yala, the Group is pleased that, at the time of the writing of the report, there has not been any significant violence and the army has continued to respect the Transitional Charter. This is clearly a sign that democracy and the rule of law are starting to take hold despite the fact that the fall-out from the military uprising of 6 October 2004 continues to reverberate in Guinea-Bissau. The Group is impressed by the willingness of civil society to take a stand for peace and this augurs well for the strengthening of the democratic process in the country.

5. The international community remains extremely concerned about the continuing political instability. In response to events, the Secretary-General appointed former President Joaquim Alberto Chissano of Mozambique as his Special Envoy for Guinea-Bissau. His task, which began on 29 April 2005, is to facilitate peaceful and credible presidential elections in that country on 19 June 2005 as an important step in the transition to full restoration of constitutional order and stability. On 15 May 2005, the Secretary-General also called on all concerned parties to resist any moves that could exacerbate tensions. The Security Council has issued two statements of concern on Guinea-Bissau, the first a presidential statement on 31 March 2005 (S/PRST/2005/14), which strongly condemned any attempts to incite violence and impede ongoing efforts towards peace, stability and social and economic development and the second, a press statement by the President of the Security Council on 17 May 2005, calling on all parties to avoid the increase of tensions and further suffering of the population. At the end of an emergency session of the Community of Portuguese-Speaking Countries (CPLP) on Guinea-Bissau, a declaration was issued, calling on all parties to respect the inviolability of the Transitional Charter and stating that the normalization of political life is an essential condition for the support of the international community for the reconstruction of Guinea-Bissau.

6. Regional efforts are ongoing to defuse the tensions in the lead-up to the elections and to ensure that calm prevails. The President of Nigeria, in his capacity as Chair of the African Union (AU), the President of Niger, in his capacity as Chair of the Economic Community of West African States (ECOWAS), the President of Senegal and the Prime Minister of Guinea-Conakry visited Guinea-Bissau on 21 May 2005. The four leaders held meetings with national authorities, former President Kumba Yala and the military command. They urged all presidential candidates to avoid violence during the election campaign.

III. Highlights of the activities of the Ad Hoc Advisory Group on Guinea-Bissau in the fulfilment of its mandate

7. As the Council is aware, following debate on the report of the Secretary-General on the establishment of an ad hoc advisory group on African countries emerging from conflict (E/2002/12), the Economic and Social Council decided, in its resolution 2002/304, to establish the Ad Hoc Advisory Group on Guinea-Bissau as its first case. The Group's mandate is to examine the humanitarian and economic needs of Guinea-Bissau, review relevant programmes of support and prepare recommendations for a long-term programme of support, based on the country's development priorities through the integration of relief, rehabilitation, reconstruction and development into a comprehensive approach to peace and stability. The Group will also provide advice on how to ensure that the assistance of the international community is adequate, coherent, well-coordinated, effective and synergetic.

8. Immediately following its creation, the Group held a wide range of consultations with national stakeholders and development partners of Guinea-Bissau in New York and Washington, D.C. A mission to the country was organized in November 2002 and the Ad Hoc Advisory Group submitted its first report to the Council (E/2003/8) on 10 January 2003. Since then, the Group has met, on average,

once every three weeks and frequently consults with other stakeholders, including the United Nations Development Programme (UNDP) Resident Coordinator and the United Nations country team, the Representative of the Secretary-General, the Assistant Secretary-General in the Department of Political Affairs, the responsible officials at the International Monetary Fund (IMF) and the World Bank, the Permanent Representatives of neighbouring countries, including Cape Verde, Guinea-Conakry and Senegal, which are also members of ECOWAS, the Group of Friends of Guinea-Bissau and CPLP.

9. Since its first mission to Guinea-Bissau, the Group has also consistently maintained a dialogue with the authorities of Guinea-Bissau and has had a number of meetings with them. On 28 January 2003, the Ad Hoc Advisory Group organized a meeting at United Nations Headquarters between the Minister for Foreign Affairs of Guinea-Bissau, the Minister of Economy and Finance of Guinea-Bissau, donors and the Bretton Woods institutions. The meeting focused on the establishment of the partnership approach between the Government and the donor community. This was followed by another informal dialogue in New York, on 17 November 2003, with the interim President, Henrique Pereira Rosa, the Minister for Foreign Affairs of the Transitional Government, Joao Jose Silva Monteiro, and major development partners of the country. The meeting aimed at reassessing the social, economic and political situation in Guinea-Bissau and discussed ways of providing support for the transitional Government. The informal dialogue enabled a rich and constructive exchange of views between the transitional President, the Minister for Foreign Affairs, the Group of Friends of Guinea-Bissau, representatives of donor countries, the Executive Director for Guinea-Bissau at the World Bank, senior officials responsible for Guinea-Bissau at IMF and the World Bank, the Representative of the Secretary-General and the United Nations Resident Coordinator in Guinea-Bissau and representatives of UNDP and the Department of Political Affairs of the Secretariat.

10. Two representatives of the Group also met with the official delegation of Guinea-Bissau to the meeting of Guinea-Bissau's partners to prepare for the round table held in Lisbon, Portugal on 10 February 2005. The delegation included the Minister of Finance, the Minister of Fisheries, the Minister of Public Works, the State Secretary for the Treasury, the National Director of the Central Bank of West African States (BCEAO) and a member of Parliament, who is the Deputy President of the Commission on Commerce and Industry. The delegation reported on recent progress and the representatives of the Group discussed ways of ensuring the re-engagement of the donor community.

11. The Group is particularly pleased with the productive and valuable collaboration between the Group and the Bretton Woods institutions. Clearly, both the World Bank and IMF have a key role in conflict prevention and peacebuilding, as recognized in the discussion on the peacebuilding commission. The Group has found that both IMF and the World Bank have reacted positively to the promotion of a more flexible approach to the technical requirements expected from Guinea-Bissau in the context of its peacebuilding needs. The relationship is positive and ongoing, and representatives of both organizations attend most of the Group's meetings.

12. As the Council is aware, the Group works closely with the Security Council on the subject of Guinea-Bissau. Given that Guinea-Bissau was on the agenda of the Security Council when the Group was established, the Council had requested that its

Ad Hoc Working Group on Conflict Prevention and Resolution in Africa be invited to participate in the work of the Group. Recognizing the value of such collaboration and as part of its efforts to promote a comprehensive and multifaceted approach to peacebuilding, the Group has, since its inception, worked in close collaboration with the Ad Hoc Working Group on Conflict Prevention and Resolution in Africa, the Chair of which has been invited to all the meetings of the Ad Hoc Advisory Group on Guinea-Bissau and has participated actively in its deliberations. The President of the Economic and Social Council and the Chairman of the Ad Hoc Advisory Group were invited, in November 2003, to address the Security Council at a private meeting on the situation in Guinea-Bissau and to present the work carried out by those bodies on development support to the country.

13. Furthermore, the Group has undertaken two joint missions with the Security Council to Guinea-Bissau, in June 2003 and June 2004. The main objective of the two missions was to promote dialogue with the authorities of Guinea-Bissau with a view to promoting better understanding between the authorities and its partners. The Group took advantage of these missions to press for a broader understanding of the role of development in conflict prevention and peacebuilding and informally contributed proposals for inclusion in the Security Council's report on the missions. Brazil's membership in the Ad Hoc Advisory Group on Guinea-Bissau and in the Security Council since January 2004 has also served as an important bridge between the two, mutually reinforcing and enriching the debates in both forums on strategies to promote peace and development in Guinea-Bissau. In its latest report to the Security Council (S/2004/989), one of the main recommendations of the Ad Hoc Working Group on Conflict Prevention and Resolution in Africa was the extension, to other post-conflict situations, of the cooperation between the Security Council and the Economic and Social Council developed by the two bodies in the case of Guinea-Bissau and Burundi.

14. The Group has issued a number of statements since its establishment, typically at moments of crisis or major positive developments. The first statement was in response to the circumstances surrounding the military intervention to remove President Kumba Yala in September 2003. During this time, numerous meetings of the Group were held and a statement was issued calling on donors to consider extending emergency assistance to Guinea-Bissau to enable it to return to democratic rule and to address the deteriorating socio-economic situation. After successful legislative elections in March 2004, the Group issued a statement on 6 April in which it congratulated the people of Guinea-Bissau and called for broad donor support to Guinea-Bissau, including through contributions to the Emergency Economic Management Fund (EEMF) managed by UNDP, in order to respond to the pressing needs of the population.

15. As the Economic and Social Council may recall, another major crisis erupted on 6 October 2004 when a section of the army, primarily from the Guinea-Bissau peacekeeping contingent, mutinied over salary arrears for their service with the United Nations Mission in Liberia (UNMIL). Other grievances related to poor conditions in their barracks, corruption in the military high command and other aspects of conditions of service. During the uprising, General Verissimo Correia Seabra, Chief of Staff of the Armed Forces, and Colonel Domingos de Barros, head of human resources of the Armed Forces, were killed. On 11 October 2004, the Ad Hoc Advisory Group on Guinea-Bissau issued a statement in which it expressed deep regret over events in the country. The Group called on the international

community to continue to support Guinea-Bissau, especially with emerging budgetary support and restructuring of the armed forces. It also expressed confidence that the country is moving in the right direction.

IV. Implementation of the recommendations of the Ad Hoc Advisory Group on Guinea-Bissau

A. Short-term recommendations

16. The first report of the Advisory Group (E/2003/8) contained a series of recommendations designed to address short-term crises and provided elements for a long-term programme of support. The Economic and Social Council may recall that the Government of Guinea-Bissau was facing a severe fiscal crisis, unable to pay salaries and arrears to civil servants. It also faced a worsening of the food security situation as a result of a drought in the Sahelian region. It was reported that 90 per cent of the population ate only one meal per day and the infant mortality rate was extremely high, with as many as 1,000 children under five years of age dying per month, succumbing to malaria and respiratory illnesses. The education system at the time was effectively shut down because of non-payment of salaries to teachers, who were continually on strike.

17. In its consultations held with the United Nations country team, the Bretton Woods institutions and donors, in November 2002 in Bissau, the Group also became aware of an ongoing crisis in relations between the Government and its partners. On the economic front, donors expressed concern regarding the management of public finances and the lack of capacity in some of the key ministries. Bilateral and multilateral donors also referred to the frequent changes in the Government's ministerial team and its accompanying institutional instability. Grave concern was also expressed regarding the non-promulgation of the Constitution and the fact the President had appointed candidates to the presidency and vice-presidency of the Supreme Court, which were elected positions. Bilateral donors, in particular, made it clear that the Government needed to promote political stability, demonstrate political will to define a national vision for development and develop the capacity to implement its strategy before assistance would be forthcoming. It should be noted that 80 per cent of the State's budget is derived from official development assistance.

18. In view of the fact that the Government was unable to secure the minimum functioning of the State and in light of the reluctance of donors to assist the country, the Group made a strategic decision to focus on helping the country confront its short-term crises while creating linkages to long-term objectives within the framework of the normalization of the country's political situation and, concomitantly, of its relations with partners. In the context of this decision, the Group offered to act as a bridge between the Government of Guinea-Bissau and the donor community.

19. To address the concerns of the donor community regarding deficits in economic and political governance and to restore donor confidence, the Group recommended the establishment of a partnership in the form of a compact, based on the discussion paper submitted by the Group to President Kumba Yala on 13 November 2002. One element of the compact was that the Government of

Guinea-Bissau would agree to promote the rule of law and political stability, more specifically by promulgating the Constitution; electing the President and Vice-President of the Supreme Court; empowering the ministerial team so as to give its members a measure of stability and continuity formulating a long-term development strategy. In return, Guinea-Bissau's partners would agree to provide emergency financial support; technical assistance; capacity-building; assistance for the preparations of the 2003 and 2004 elections; and other forms of development assistance.

20. Central to the compact was the creation of a temporary trust fund, the EEMF, to address urgent short-term needs, finance essential recurrent expenditures required for the minimum functioning of the Government; provide transparency and accountability in the use of emergency assistance; provide a neutral entity to manage government resources; reduce the burden on government capacity while building capacity; and encourage donor coordination and a high degree of donor partnership with the Government and among all stakeholders.

21. Progress on the compact remained stalled for most of 2003. Following the removal of President Kumba Yala in September 2003, a number of promising developments came about. Using the partnership approach endorsed by the Economic and Social Council in its resolution 2003/1, the Group was able to generate momentum in favour of development assistance to Guinea-Bissau. The EEMF, considered to be an instrument of the partnership approach, was established by UNDP on 5 January 2004. On 26 January 2004, one of the key conditions of the compact was met with the election of the President and Vice-President of the Supreme Court.

22. The Group, in its second report (S/2004/10), called on the international community to provide electoral assistance for the credible conduct of parliamentary elections. This was done and parliamentary elections were successfully held in March 2004 and fully functioning Government under the leadership of Prime Minister Carlos Gomes is in place.

23. Since then, the Government of Guinea-Bissau has made considerable progress in restoring administrative capacity and rule-based fiscal management, one of the key aspects of the compact. Measures taken to improve financial management include centralizing all revenue in the treasury account at the BCEAO; requiring Ministry of Economy and Finance approval for all expenditure commitments; and applying public procurement regulations. Political appointees have also been replaced by experienced technicians at the head of the revenue departments. On the expenditure side, the normal framework for expenditure allocations has been restored and further improvements are expected to be put in place with technical assistance financed by UNDP, in the context of budget implementation for 2005. Legislation has also been passed sharply reducing licensing requirements for imports, exports and domestic commercial activity as well as linking fees for such requirements to actual costs. On 16 February 2005, the Office of the Public Prosecutor, which has been investigating allegations of corruption, announced that three cases of embezzlement from the State, totalling some \$420,000, had been submitted to the Office of the Public Prosecutor, a demonstration of the commitment of the Government to improve economic governance.

24. The Group had also encouraged bilateral donors, the organizations of the United Nations system and others to commit on an urgent basis to funding quick-impact, income-generating projects at the community level. The citizens of Guinea-Bissau have yet to see the dividends of peace and, as long as they remain outside the reach of Government services and benefits, they are unlikely to be committed to the principles of democracy and peace. The Group is pleased to report that the United Nations country team is in the process of adding a transition strategy to its current intervention in the country, focusing on economic and social quick-impact initiatives as a part of a broader peacebuilding strategy being designed.

25. The Council may also recall that the Group had reported that the World Bank's demobilization, reinsertion and reintegration programme was part of a broader economic rehabilitation and recovery programme that had been linked to the existence of an IMF macroeconomic programme. The suspension of the IMF programme had subsequently resulted in the suspension of the Bank's demobilization, reinsertion and reintegration programme. The Group was of the view that the disruption of the programme was clearly dangerous for security and had called on the Bank to explore the possibility of de-linking peacebuilding activities from macroeconomic programmes. The Group is pleased to report that the Bank resumed disbursements for demobilization in March 2004. For budgetary reasons, IMF has been unable to provide a full-time resident representative in Guinea-Bissau, which was one of its short-term recommendations from the first report, but assistance through its West Africa Regional Technical Assistance Centre in Bamako (West AFRITAC) was stepped up considerably and efforts continue to find funding for an adviser to the Minister of Finance.

B. Long-term recommendations

26. A series of long-term recommendations were addressed to the Government of Guinea-Bissau, the donor community and the international community, including the United Nations system. These recommendations were made based on the results of a multi-stakeholder dialogue as well as a review of the common country assessment (CCA), the United Nations Development Assistance Framework (UNDAF) and the national interim poverty reduction strategy paper. These recommendations cover the spectrum of human rights, political and economic governance, rehabilitation and reconstruction of physical infrastructure, technical assistance for capacity-building, diversification of the productive sector, food security, education and health, investment, civil society and the media, gender mainstreaming, overall coherence and coordination among donors and strengthening United Nations coordination mechanisms.

27. Among the long-term recommendations was a call to the Bretton Woods institutions to ensure that flexibility and creativity are embedded in the design of macroeconomic programmes in view of the need to adapt to the complexities facing post-conflict countries. The Group is of the view that this recommendation and its call for a resumption of a programme with Guinea-Bissau contributed to the decision by the Executive Board of the IMF to renew, in principle, access to emergency post-conflict assistance (EPCA). As the IMF staff report notes, the EPCA would provide time for donors to fully re-engage, alleviate the heavy burden of debt service to the Fund, and assist the Government in strengthening administrative capacity so as to gradually demonstrate its ability to effectively implement a new

Poverty Reduction and Growth Facility (PRGF) arrangement,¹ which had been suspended in 2001. The decision was placed in the context of the spirit of an Executive Board decision in April 2004 to extend the length of EPCA-supported programmes, in total, to as long as three years and to demonstrate support for ongoing United Nations-led efforts to promote stabilization in Guinea-Bissau. The Council may recall that Guinea-Bissau had an EPCA-supported programme shortly after its civil war of 1998-1999. The IMF decided, in principle, to allow the programme to continue for up to an additional two-year period, for a total of three, albeit non-contiguous, years. The EPCA is conditional upon the emergence of a concerted international assistance effort for Guinea-Bissau, which could take place once the World Bank and the European Union (EU) decide on new budget support.

28. The Ad Hoc Advisory Group on Guinea-Bissau is also pleased to report that one of the key long-term recommendations directed to the EU, Guinea-Bissau's principal development partner, has been undertaken, namely, the re-negotiation of more favourable terms for fishing licences, which also provides for financial and technical support for controlling the country's maritime zone and assisting the Government in addressing the sustainability of its stocks. The Group acknowledges that, overall, there has not been significant progress on the implementation of its long-term recommendations. It may be recalled, however, that while the Council had called for all stakeholders to consider the recommendations made in the report, no specific ones had been endorsed in the resolution subsequently adopted. Furthermore, the uncertainty regarding the political situation has contributed significantly to a "wait and see" attitude by donors, which in turn has resulted in a lack of action on the recommendations of the Group.

C. Donor support to Guinea-Bissau

29. With regard to the second part of the mandate, which asks the Group to provide advice on how to ensure that the assistance of the international community is adequate, coherent, well-coordinated and effective and promotes synergy, the Group has undertaken a number of activities to give effect to this part of its mandate. In all its reports (E/2003/8, E/2003/95, E/2004/10, E/2004/92 and E/2005/8), the Group has provided an overview of the resources provided by the international community, including the donor community, the Bretton Woods institutions and, in a more limited way, of the United Nations system. Along with the Chair of the Group of Friends of Guinea-Bissau, the Ad Hoc Advisory Group on Guinea-Bissau has urged the international community to adequately fund national elections and emergency budgetary support as well as to fully fund the UNDP-managed EEMF designed to pay salaries and other recurrent expenditures in priority sectors (see annexes I and II). On the advice of the Group, the President of the Economic and Social Council wrote to Member States in April 2005, drawing their attention to resolution 2005/2 and underlining the urgency of providing support for Presidential elections and for the EEMF. The Group continues, in its ongoing dialogue with UNDP and the Bretton Woods institutions, to urge strong support for the preparation of the donor's round table.

¹ See <http://www.imf.org/external/pubs/ft/scr/2005/cr0569.pdf>.

30. Success has been limited to the funding of elections in Guinea-Bissau. While it has been acknowledged that the EEMF is an efficient and transparent mechanism for providing emergency assistance to the Government, particularly the payment of salaries for civil servants, the Group is disappointed that the mechanism was never fully funded. In 2004, it attracted only approximately 25 per cent of the resources needed to finance the fiscal gap to ensure the minimum functioning of the State. The duration of the EEMF programme, initially intended to last 12 months to cover government budgetary expenditures for 2004, was extended until June 2005 to serve as the modality to channel and coordinate contributions to the Government until the end of the transition period, once the presidential elections take place.

31. The Group continued to persist in its advocacy for Guinea-Bissau, to ensure that it at least received adequate funds to meet its short-term needs while seeking to help the country ensure the conditions to be able to secure longer-term assistance. In this connection, the Group participated actively in the meeting of Guinea-Bissau's partners to prepare for the round table, held in Lisbon on 11 February 2005. The objective of the meeting was to prepare for the full round-table conference, to be held later in 2005, and to help mobilize resources for financing the fiscal gap of 40 million United States dollars (\$) in the 2005 budget. The Group made a statement in which it stressed the importance of support for security sector reform as a critical factor in promoting stability in Guinea-Bissau and called for further donations to EEMF. With regard to preparations for the donor's round table, the Group also proposed that the donor community could consider the identification of lead donors for various sectors and the possibility of coordinating meetings in the future, to ensure that there is a comprehensive, coherent and integrated programme to which all partners agree. The Group also reiterated the importance of national authorities leading this process and setting their own priorities on the basis of national needs, and encouraged all partners to align their programmes with the country's national poverty reduction plan, which will be launched later in 2005.

32. The Lisbon meeting confirmed that donors are not yet fully confident in the stability of Guinea-Bissau. Only 1 million euros (€) was committed by the Government of Portugal to the EEMF, and it is clear that donors are waiting for the dust to settle after the elections before providing non-emergency aid or agreeing on a date for the donor round table. That being said, there has been evidence of the flexibility called for in all of the Group's reports. At the Lisbon meeting, representatives of the African Development Bank (AfDB), BCEAO and the West African Economic and Monetary Union (WAEMU)² stated that despite their limited means, they were able to provide support for Guinea-Bissau in the context of a flexible interpretation of their financial rules. The three representatives echoed the call for a flexible interpretation of financial rules in the context of the need to assure political and economic stability in Guinea-Bissau and urged the international community not to subject Guinea-Bissau to the same conditionalities as other countries. In response, following the Lisbon meeting, the EU is preparing new budget support for 2005, an estimated €9.2 million; disbursements could start by August 2005. In the interim, the EU advanced €5 million of the €7.25 million compensation for fishing rights from June to April, to allow the payment of salaries in the sensitive period leading up to the elections. France has contributed €0.5 million to EEMF.

² The West African Economic and Monetary Union was the largest donor to Guinea-Bissau in 2004.

33. Since the Group's last report, there were three high-profile visits to Guinea-Bissau: by the World Bank Vice-President for Africa, Gobind Nankani, on 24 January 2005; by the World Bank's Managing Director, Shengman Zhang, on 22 February 2005; and by Mr. Koichiro Matsuura, Director-General of UNESCO on 1 and 2 May 2005. The Group is pleased to learn that the World Bank intends to submit an interim support strategy package to its Board for a proposed \$40 million credit. If approved, this credit would be devoted to energy, urban communications and community development projects in agriculture, health and education, and to direct budget support, elements of which were called for in the first report of the Group. A World Bank team also visited Bissau in May 2005 to discuss an economic recovery credit for \$10 million to be disbursed by July 2005. A mission from IMF also visited the country in the first half of March to negotiate a staff-monitored programme with the national authorities. The programme could be transformed into an emergency post-conflict assistance programme, depending on final decisions by the World Bank and the EU on new budget support; if the upcoming elections indicate that present policies will be continued, a negotiating mission could take place by early September 2005. A review of developments under the staff-monitored programme is planned for the end of June, after the first round of the elections.

34. The Group has been informed by a representative of IMF that its provisional data indicates that revenue has increased recently due to improved collection efforts and supervision. Nevertheless, despite budget support and the recent advance on fishing licences provided by the EU, the budget continues to be extremely tight. Salaries have been paid for January through April with some delay but other expenditures, including for the social sectors, have had to be cut to far below minimum requirements. The current State budget financial gap for 2005 is approximately \$16 million.

V. Tasks remaining

35. In light of the current difficult circumstances in Guinea-Bissau, the Group is of the view that it would be useful for the Group to remain engaged in the country to monitor the situation, particularly the close link between emergency economic needs and political instability, and to continue to work with other partners to ensure that there is a comprehensive approach that integrates peace and development. It is clear that the recent tension and instability in the country have led to the delay in the implementation of the tasks assigned to the Group and that the completion of any of these tasks is dependent on the existence of a stable political and institutional environment, for which the upcoming presidential elections are a prerequisite.

36. There are several important recommendations that the Group would like to see implemented. One of the key short-term recommendations that has not yet been implemented is a comprehensive technical assistance plan for capacity-building. The Group would also like to see efforts by the international community to address some of the long-term recommendations such as helping Guinea-Bissau formulate a comprehensive economic diversification strategy. The country has enormous potential in timber, fisheries, husbandry and agriculture, which could easily satisfy internal demand. The subsoil is rich in bauxite and phosphate, with a potential for diamond and gold mining, and oil is being explored offshore. Currently, the main source of income is derived from cashew nut exports and the licensing of fishing rights.

37. Two of the immediate tasks of the Group after the elections will be: (a) an effort to expand the donor base for Guinea-Bissau and (b) advocating for support for the donor round table, which should take place at the end of 2005. The Group believes that a number of countries could play a more significant role in the country, especially those that will benefit indirectly from the potential exploitation of the country's natural resources. In connection with this task and the preparations for the donor round table at the end of the year, the Group will continue to press for the identification of lead donors for various sectors and for coordinating meetings to ensure that there is a comprehensive, coherent and integrated programme to which all partners agree. The Group believes that the Council will be in a better position to assess the long-term recommendations of the Group when renewed broad support is provided to the country.

38. The timetable for the completion of these tasks is difficult to calculate in view of the prevailing situation. If the political situation remains stable, it would take the Group at least 10 months to fulfil its tasks, depending also on the swiftness of the disbursement of the financial international support pledged at the donor round table.

39. The Group is of the view that more attention needs to be paid to the issue of security sector reform, as it would address one of the key structural causes of conflict in Guinea-Bissau. Increased interaction on this issue between the Economic and Social Council and the Security Council could also be enhanced, within respective mandates, by joint activities such as the organization of a meeting on security sector reform of both ad hoc bodies, with the Ad Hoc Working Group on Conflict Prevention and Resolution in Africa of the Security Council addressing ways of facilitating military reform and the Ad Hoc Advisory Group on Guinea-Bissau of the Economic and Social Council addressing its socio-economic aspects.

40. The Group also believes that there is room to further expand its interaction and collaboration with regional organizations. As has been noted in previous reports, they have played an important role in the political and financial stabilization of Guinea-Bissau. However, owing to time and travel limitations, the Group did not engage in a systematic exchange of views with regional organizations, including ECOWAS and CPLP.³ More systematic consultations with regional economic organizations, including regional financial institutions such as the African Development Bank and the Central Bank of West African States, could have further enhanced the Group's contribution. The Group also believes that more interaction with the United Nations Office for West Africa (UNOWA) could also be valuable.

VI. Conclusions

41. Guinea-Bissau is a small country with complex problems and will continue to face enormous and painful challenges in its transition from war to peace and from a highly personalized and centralized system of governance to that of a participatory and open form of governance. Indeed, the situation can be expected to remain fragile for some time to come. With the increasing use of ethnic appeals, the danger of polarization is likely to further fragment this young democracy.

³ The Group did have one meeting with the Executive Director of the CPLP on 8 February 2005.

42. The Group would again like to draw the attention of the Council to the importance of addressing the security sector. In its first report, in addition to the poor conditions of service, the Group pointed to the growing ethnic division in the military and availability of small arms. In its last two reports, the Group urged international support for a comprehensive restructuring package for the armed forces on the basis that it is crucial to preventing a relapse into conflict. The Group continues to feel strongly that the lack of progress in this area will continue to contribute to political instability and uncertainty and will deter investment and official development assistance, which are essential to the development of the country.

43. In addition to the problem of political instability, the inability of the country to receive a predictable and adequate amount of resources to ensure the delivery of basic services and to ensure the minimum functioning of the State has also contributed to the sense of uncertainty and insecurity. As the IMF noted in its staff report, this uncertainty in financing undermines the ability of the Government to implement its reform programme, continuing the vicious circle of low performance and declining donor assistance.

44. With lack of progress in economic and social spheres, and in the context of further fragmentation, any grievance can create fertile ground for further violence. It is worthwhile to note that more than 60 per cent of the population is unemployed and approximately 80 per cent of the population is living below the poverty line, living on less than \$2 per day. The Group is aware that continuing instability complicates the prospects for the mobilization of development resources, but it is important for the international community to assure the people of Guinea-Bissau that they do matter.

45. The Group would like to draw the attention of the Council that the experience of the ad hoc advisory groups on African countries emerging from conflicts should be taken into account in the broader context of ongoing discussions within the United Nations on the Peacebuilding Commission and, more specifically, on how to structure a coherent international response to countries in crisis. Indeed, given (a) the current instability in the country and the need for sustained international support after the presidential elections, (b) the above-mentioned indicative timetable for the completion of the remaining tasks and (c) the general view among the members of the Group that Guinea-Bissau could be one of the main beneficiaries of the establishment of the Peacebuilding Commission, the Group would recommend that it continues to monitor the evolving situation until the next substantive session of the Economic and Social Council.

Annex I

EEMF financing as of May 2005

(amounts in United States dollars)

<i>Donor</i>	<i>Amount received</i>
Netherlands	2 137 767.22
Sweden	938 644.23
Portugal through the CPLP	1 801 585.08
France	1 270 398.77
Brazil through the CPLP	49 258.12
Italy	663 129.97
Total	6 860 783.39

Annex II

Financing of the presidential elections*

<i>Donor</i>	<i>Amount received (original currency)</i>
European Commission	Euros 1.3 million
Netherlands	Euros 200 000
Algeria (via ECOWAS)	US\$ 500 000
Portugal	Euros 350 000
China	US\$ 100 000
BCEAO	CFA Francs 150 million (euros — 229 000)
West African Development Bank (BOAD)	CFA Francs 150 million (euros — 229 000)
UEMOA	CFA Francs 500 million (euros — 762 000)
UNDP	US\$ 400 000

* There have been in-kind contributions from both Brazil (of computer equipment and technical assistance) and Portugal (of electoral material).

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Information and Communication Technologies Task Force**Third annual report of the Information and
Communication Technologies Task Force****Note by the Secretary-General**

The Secretary-General has the honour to transmit to the Economic and Social Council the third annual report of the Information and Communication Technologies Task Force, as requested in E/2001/7.

Summary

In its third year, the Information and Communication Technologies Task Force, through its core activities, working groups and regional nodes, has successfully contributed to advancing the multi-stakeholder discussion on Internet governance, enabling environment and other high-profile policy issues; added to progress in measuring, monitoring and analysing the impact of information and communications technologies (ICT) on the achievement of the internationally agreed development goals; further supported and promoted collaborative initiatives at the regional, subregional and national levels and provided significant input to the formulation of a comprehensive United Nations information and communications technologies strategy.

The Task Force continues to pursue the mainstreaming of ICT into development as a powerful tool that can enable the attainment of the internationally agreed development goals. It is also contributing towards making the Tunis phase of the World Summit on the Information Society a success. The ongoing programme of reform and renewal of the United Nations is affording an opportunity for the Task Force to perform its mandate of providing advice to the Secretary-General on ICT.

* E/2005/100.



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I. Introduction

1. The present report covers the activities of the United Nations Information and Communication Technologies Task Force for the period from February 2004 to February 2005. It provides an overview of the current environment, describes the role of the Task Force in promoting the access and application of information and communications technologies (ICT) for advancing United Nations development goals, presents an outline of the major activities of the Task Force, an assessment of its effectiveness and an overview of what the Task Force will strive to achieve in the final year of its mandate.

II. Current environment¹

2. Science and technology, and particularly the new ICT, are characterized by rapid changes. For example, the exceedingly swift spread of access to the Internet via mobile phones and the emergence of the "triple play" of voice, video and data transmitted over a single platform make this long-heralded convergence a reality and constitute a sign of a new dynamic phase triggered by the Internet's growth towards ubiquity. Technological change has considerably reduced the cost of ICT goods and services and broadened the scope of technology choices and solutions.

3. ICT are cross-cutting technologies with a fundamental impact on the various sectors of society, culture and the economy. A decade ago, ICT were considered marginal to the issues of economic growth and poverty reduction. Since then, scepticism has given way to more open perceptions and attitudes. ICT are now seen as powerful enablers of development goals. In many developing countries, policy attention has begun to turn towards the convergence of industrial policies that emphasize manufacturing capabilities and science, technology and innovation policies that are increasingly seen as important tools for development because of their power to generate and use knowledge.

4. More precisely, ICT are increasingly seen analysts, the Governments of developing countries, and development agencies as stimulating collective learning, thus enhancing socio-economic development; improving individual people's lives by allowing them to acquire the knowledge and skills that empower them to be productive in innovative ways; and enhancing overall economic growth and income by raising productivity.

5. Policies designed to enhance the role of ICT in development have created new avenues for reducing poverty, especially through the beneficial effects they have on mainstream development objectives — health, education, capacity-building and improving living conditions.

6. However, research undertaken by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) indicates that not enough attention has been paid in economic analysis and policy making to the significance of ICT for economic growth. While in OECD countries, the links between ICT, productivity and economic growth have been established (albeit only recently), the more precise impact of investment in ICT for developing countries, notably least developed countries (LDCs), remains largely under-researched.

7. There is an ongoing debate, which is relevant for both developed and developing countries, concerning the extent to which production and distribution decisions in the information sectors differ from those in manufacturing industries. The emerging consensus is that ICT may lead to fundamentally different business models. The four main aspects of this are:

- **Network effects:** The spread of a successful hardware or software innovation is often accompanied by an exponential increase in the usefulness of that standard for its users, as more and more elements can be connected to an interactive system. The value of a network is seen to increase in approximate proportion to the square of its number of users. This effect, however, may induce monopolists to lock customers into network relationships.
- **Production by copying:** In traditional markets, the firm's size is constrained by the increasing marginal costs of material and resources. For digital products and software, it is different: once initial costs are paid, each digital copy costs next to nothing. Though the cost of assembling the original good may be very high, for instance, in the case of new operating systems, software or movies, digital reproduction involves a simple operation that can be carried out with little technical skill and equipment. The low costs of copying not only expand the market, but also increase the incentive to command the largest share of a "digital goods market". The largest supplier will have the lowest marginal costs and will thus appear to be a "natural monopoly".
- **Properties of information:** Information makes its impact on users in a very specific manner: it does not change their physical state or modify their physical circumstances. Instead, it affects the user's thoughts, knowledge or feelings. Users learn something new or gain pleasure or receive instructions that help them behave in ways that make them more effective and successful. What matters is that the receipt of such signals by individuals does not destroy or alter the original message. This is the core reason why information is considered a "public" rather than a "private" good. For economic reasons, there is a tendency to exclude those who do not pay or cannot afford to pay for the consumption of the information good either through electronic walls, legal sanctions against unauthorized copying or technical copyright-management systems. Copyright statutes try to strike a judicious balance between the temporary protection of exclusive property rights and the subsequent free use of new inventions, whether technical or artistic in nature.
- **"Moore's Law":** The pace of change in ICT development exceeds by far the rate of change in earlier technologies. Driven by the factors underpinning "Moore's Law" (the doubling of the number of transistors per square inch every 18 months), advances in information technology follow one another at enormous speed. Those who argued that ICT provide developing countries with an opportunity to "leapfrog" entire stages of technological development and, thus, to compete on more equal terms with industrial countries on the basis of ICT knowledge may be disappointed to some extent. By the time most developing countries have deployed "second generation wireless networks", a considerable number of developed countries will have rolled out "third generation networks" offering more powerful functionalities. On the other hand, Moore's Law implies that the process of catching up can occur much more quickly. For instance, whereas it took developed economies on average

20 to 30 years to move from 10 to 30 phones (fixed-line or mobile) for every 100 inhabitants, today many developing countries are showing that it can be done in less than 10 years.

8. There exist, however, many examples showing how ICT can contribute to development through “competitive edge technologies”, as well as through what is sometimes called “appropriate technologies”. The Dal Lake wireless Internet (wi-fi) project in India is a pertinent case. With the de-licensing of the radio spectrum for spread-spectrum, packet-based communications in India, wideband connectivity has been extended — using wi-fi technology — to sparsely populated communities. The project is revolutionary and has ample potential for replication.

9. The example illustrates that portable Internet technology could become what is called a “disruptive technology”. This technology, indeed, may be able to break traditional (quite long) network planning cycles and the sequence of high fixed network costs related to such network planning cycles. The term “portable Internet” — the title of a 2004 International Telecommunication Union (ITU) Internet report — is a generic term describing a platform for high-speed data access using Internet protocol, covering advanced wireless technologies like wi-fi, WiMAX, IMT-2000 direct spread, 3G, ultra wide band and radio frequency identification tags, operating at long, medium and short ranges, and new techniques that make more efficient use of the available spectrum, including spread spectrum, smart antennae, agile radios and mesh networks.

10. To properly assess the need for, and the potential of, the portable Internet, it might be expedient to understand that the developing world, in general, seems to strongly express a preference for mobile phones over fixed-line ones. Indeed, Internet penetration in the developing world has grown at a slower rate than mobile phone technology in that same area since 2000. It is, therefore, important to reach out to the growing number of users who have a mobile but no fixed-line telephone. Handheld devices that are Internet-enabled could open up the information gateway to new and potentially vibrant markets. This could help promote the policy goals of universal access while at the same time expanding markets.

11. In substance, the dual challenge we face is to foster connectivity for the world’s population and use it for advancing sustainable development. Ultimate success in the drive to ensure access must be measured by the achievements in sustainable development.

12. Financing options facing developing countries as they attempt to facilitate growth in the use and deployment of ICT remain a major item on the development policy agenda. ICT infrastructure financing in developing countries traditionally either came from government budgets or from revenues from post, telegraph and telephone authorities or from donors and international financial institutions (IFI). The transforming effects of technological change and the trend towards deregulation and privatization of the telecommunications industry, which accelerated in the 1990s, have resulted in major shifts in the financial strategies and options among ICT stakeholders: development banks and bilateral donors became instrumental in generating a greater reliance on private capital. IFI redirected public resources from direct financing of infrastructure projects to policy reforms and other mechanisms to support infrastructure development.

13. This shift in stakeholder policies pertaining to the financing of ICT went hand-in-hand with a considerably increased understanding of the crucial importance of the enabling environment for ICT. Promoting local investment and attracting foreign direct investment in ICT depends crucially upon a favourable environment, underpinned by good governance and the rule of law. An ICT policy and regulatory environment that encompasses open entry, fair competition and market-oriented regulatory practices should match a supportive development policy environment, thus integrating ICT into poverty-reduction policies and processes.

14. As the rapid and successful use of ICT is becoming increasingly central to the development process, developing countries are faced with an additional set of financing requirements. It is recognized that, despite increased private industrial and financial involvement in ICT, the potential of the ICT sector for development is far from being fully exploited. This is particularly true for the provision of ICT infrastructures in rural areas of developing countries. These are not easily covered by private suppliers because of the perception of lower profitability and higher investment risks. This perception is changing: national universal service/access funds and other mechanisms to lower costs of delivery to underserved markets, the leveraging of market forces for the promotion of community access and the creation of multi-purpose community telecentres are understood to require scaling-up existing financial resources through innovative financial mechanisms and schemes. The potential of public-private partnerships at different levels could be much better exploited. Regional cooperation, multi-stakeholder partnerships and seed financing are critical elements for both backbone and last-mile solutions in developing countries.

15. At the same time, building human resource capacities and knowledge assets at every level is a main requirement for achieving the internationally agreed development goals. ICT, in principle, hold great promise for development in all societies; but the social impact should be assessed and appropriate policy regulatory and financial measures taken to ensure that the future information society is as fair and inclusive as possible.

16. ICT that deliver up-to-date information applications, content and services are relevant for developed and developing countries alike. Increasing domestic and international public sector ICT capabilities is a first-level priority for many stakeholders. Some international donors, however, are seemingly re-directing their attention to both ICT policy and infrastructural developments and to mainstreaming connectivity activities for ICT and development.

III. Role of the Information and Communication Technologies Task Force

17. As a global forum for placing ICT at the service of development, the ICT Task Force has grown in stature and influence since its inauguration in 2001. With the potential of ICT to enable the attainment of internationally agreed development goals becoming widely embraced, the Task Force provides a platform to discuss international norms, policies and practices through the work of its networks, working groups and members.

18. The Task Force is not an operational, implementing or funding agency, but provides a platform and focal point for discussing the global ICT-for-development agenda, including issues related to strategic direction, policy coherence and coordination and advocacy in relation to the global ICT-for-development agenda. It has the mandate to help forge a strategic partnership between the United Nations system, private industry and other relevant stakeholders in putting ICT at the service of development. Meetings, in particular a series of global forums focused on key issues held over the last two years, bring together Task Force members with international development and ICT experts, policy makers, leading private sector representatives and members of civil society and non-governmental organizations and provide a platform for sharing experiences, exchanging views, catalysing new partnerships and building consensus in complex and politically sensitive policy areas.

19. The plan of action and mission statement of the Task Force were built on guidance contained in the United Nations Millennium Declaration, the 2000 ministerial declaration of the Economic and Social Council and the recommendations contained in the report of the Secretary-General (E/2001/7). In 2003, members of the Task Force and its Bureau reviewed and assessed the experience and lessons learned in the first two years of work. On the basis of these assessments, a business plan was developed to provide a rationalized framework for the activities of the Task Force. The primary objectives of the business plan consisted in linking ICT and internationally agreed development goals, including those contained in the Millennium Declaration; building multi-stakeholder partnerships; addressing ICT policy and governance; and contributing to the creation of an enabling environment for digital development.

20. The Task Force strives for efficiency, accountability, transparency and agility. It has built a global network of thematic working groups and regional nodes as platforms for the implementation of its plan of action and business plan and for addressing critical elements of the challenge of harnessing the potential of the ICT revolution for development. It has used an open, inclusive and decentralized approach to develop stakeholder campaigns and outreach, utilizing its website and networks. It also works in cooperation with other bodies active in the field of ICT-for-development.

21. In January 2004, the Secretary-General extended the mandate of the Task Force until the end of 2005, in light of the role that it is playing in the process of the World Summit on the Information Society (WSIS).

IV. Activities and accomplishments

22. The business plan defined five priority activity tracks under which the Task Force organized its work in 2004: benchmarking progress in the use of ICT-for-development; promoting a dialogue on Internet governance and other policy issues; promoting an enabling environment; supporting ongoing partnerships; and strengthening supporting activities, especially fundraising.

A. Benchmarking progress in the use of information and communication technology for development

23. While there are many examples of the positive transformational effects of ICT on development, debate is continuing regarding how and to what extent the application of ICT furthers the achievement of social goals and economic growth. A variety of tools already exist to monitor ICT readiness and use. The challenge remains, however, to develop better tools to effectively measure and monitor the current and potential impact of ICT on development and to foster mechanisms to share these tools with the international development community.

1. Working party on information and communication technology indicators and Millennium Development Goals mapping

24. Through its working party on ICT indicators and Millennium Development Goals mapping, led by Canada, the Task Force has continued to examine the impact of ICT in furthering efforts to achieve the MDGs. At the seventh meeting of the Task Force in November 2004, the working party presented a working paper, "Measuring, monitoring and analysing ICT impacts", which proposed a measurement framework, including qualitative and quantitative indicators that would provide a basis for assessing the impact of ICT on the achievement of the Goals. The paper also reviews a number of selected case studies illustrating how ICT have had a clear and important impact in four development areas: economic development, education, health and the environment. The review of the measurement methodologies used in each of these case studies will contribute to the development of impact indicators. The framework proposed in the paper will be further developed during 2005 and presented to key international events such as the High-level Plenary Meeting of the General Assembly and the second phase of the World Summit on the Information Society (WSIS).

25. The working party has joined the Partnership on Measuring ICT for Development, formed under the leadership of the United Nations Conference on Trade and Development (UNCTAD), to work towards defining and collecting a set of common ICT indicators and assisting developing countries in their efforts to produce information society statistics. The Partnership, which includes key stakeholders involved in the statistical measurement of ICT, such as ITU, OECD, UNCTAD, the United Nations Educational, Scientific and Cultural Organization Institute for Statistics, the Economic Commission for Africa, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific, the Economic and Social Commission for Western Asia and the World Bank, provides an open framework for coordinating ongoing and future activities and for developing a coherent and structured approach to advancing the development of ICT indicators globally and, in particular, in the developing countries. The working party is contributing to the work of the Partnership by promoting the list of ICT indicators that is being developed and by examining more closely which of the indicators are most relevant to developing countries and could be used to measure progress in achieving the internationally agreed development goals.

26. In February 2005, the Partnership organized a WSIS thematic meeting on measuring the information society in Geneva. The meeting, co-sponsored by the ICT Task Force, addressed the subject of the statistical measurement of the

information society, including a core list of ICT indicators that could be harmonized at the international level and that all countries might consider collecting; the needs of national statistical offices in developing countries as regards technical assistance in the compilation of ICT indicators; and mechanisms to measure impact and to quantify the relevance and contribution of ICT towards advancing development and achieving the internationally agreed development goals.

2. Contribution to the work of the Millennium Project Task Force 10 on Science

27. The ICT Task Force was invited to contribute to the work of the Millennium Project Task Force 10 on Science, as part of the United Nations review on progress towards the attainment of the MDGs. The ICT Task Force contributed an ICT chapter within the general report, entitled "Innovation: applying knowledge for development", and a comprehensive sub-report, "Innovation and investment: information and communication technologies and the millennium development goals"² in support of the Millennium Project. The work asserts that, despite the obvious benefits to economic growth, including pro-poor growth of the global explosion in ICT supply and demand, it is as an enabler for the achievement of development goals that ICT will most profoundly impact the achievement of the MDGs within a broad and integrated development approach rather than simply as a stand-alone production sector.

B. Promoting a dialogue on Internet governance and other policy issues

28. The first phase of the WSIS agreed to pursue a dialogue on Internet governance with a view to further consideration of these issues. The ICT Task Force made use of its position as a multi-stakeholder forum to engage relevant actors in exchange of viewpoints on this sensitive issue, in order to contribute to the international discussion and help create a foundation for a meaningful and consensual debate. The Task Force has also made concerted effort to strengthen the capacity of, and promote dialogue among, policy makers at municipal and other sub-national levels.

1. Global Forum on Internet Governance

29. The Global Forum on Internet Governance, held in conjunction with the sixth meeting of the Task Force from 25 to 27 March 2004, was opened by the Secretary-General. The Forum was conceived as a contribution to a process of consultations on Internet governance.

30. The Forum attracted the participation of more than 300 representatives of all stakeholders, including leaders of the Internet community. Despite the diversity of views expressed by various stakeholders, the Forum fostered a climate of confidence and trust and a willingness to discuss complex issues of Internet governance.

31. The results of the meeting were fed to the World Group on Internet Governance (WGIG). As an outcome of the Global Forum on Internet Governance and a contribution to WGIG, the publication *Internet Governance: A Grand Collaboration* was issued and widely circulated. As indicated in the introduction, this collection of papers contributed to the Forum³ suggested some emerging

commonalities in views on Internet governance, including the recognition of the need for a multi-stakeholder approach to preserve the stability and utility of the Internet and to engage developing countries so that they can participate effectively in the governance process.

2. African online discussion forum on Internet governance

32. The Economic Commission for Africa, in collaboration with the ICT Task Force, organized an online discussion forum on Internet governance in March 2004, to promote debate on Internet governance issues from an African perspective and within the framework of the African Information Society Initiative (AISI), aimed at ensuring meaningful and effective participation of African countries in this process. Policy makers and a broad range of AISI stakeholders interacted and exchanged views on the challenges of the global Internet and ICT governance in Africa, not only from a technical perspective, but also in ethical, societal and legal contexts. The discussion and recommendations expressed by participants focused on the global dimension, the African context and the WSIS process.

3. Internet governance analysis

33. The Internet Governance Project, an interdisciplinary consortium of academics at Syracuse University, Georgia Institute of Technology and the Center for Comparative and International Studies of the University of Zurich and the Swiss Federal Institute of Technology, conducted research on the current status of governance, identifying the issues, institutional responsibilities and gaps. The final report, "Internet governance: the state of play", was presented to WGIG.⁴

34. The paper's key recommendations included a proposed definition of Internet governance, suggestions on the adoption of a normative end-to-end principle to govern internetworking and conclusions on the need to find a foundation of legitimacy for non-State actors in governance. The paper also summarized the state of agreements, disagreements and gaps in various areas and charted organizational involvement by issue.

4. Regional meetings on Internet governance

35. Following its Global Forum on Internet Governance, the Task Force continued to promote the international dialogue regarding this important issue by organizing, in cooperation with its regional networks, regional workshops on Internet governance in Shanghai (China), Cuzco (Peru), Port of Spain (Trinidad and Tobago) and Accra (Ghana). The outcomes of each of the meetings were presented to the WGIG.

Asia/Pacific

36. The Asia and Pacific regional meeting on Internet governance, co-sponsored by the ICT Task Force and the Ministry of Science and Technology of the People's Republic of China and organized by the Asia Regional Network secretariat of the ICT Task Force, was held on 21 May 2004. Its objectives were to further discuss the challenges and solutions in the process of implementing WSIS outcomes and to bring together experts, practitioners and private sector representatives from the region and the world. The meeting was an important parallel session for the Fourth

Annual Forum on City Informatization in the Asia-Pacific Region (see para. 43 below).

Latin America

37. The Latin American forum on the information society held in Cuzco, Peru, from 13 to 15 October 2004, was organized by the ICT Task Force Latin American and Caribbean Regional Network, the Internet Corporation for Assigned Names and Numbers (ICANN) At Large and Alfa-Redi (a non-governmental organization). Approximately 50 ICT practitioners and representatives from Latin American countries came together to formulate common positions and stakeholder interests regarding Internet governance. Participants discussed the role of Internet governance as a core part of governance in the global information society and a possible roadmap of discussions towards Tunis. Special emphasis was given to areas that require international articulation and/or regulation. The meeting included a pre-event tutorial on Internet governance presented by ICANN. The meeting concluded with the proposal to create a Latin American and Caribbean working group to report to the WGIG, in order to provide the regional point of view on the subject.

Caribbean

38. The Caribbean Forum on the Information Society, held in Port of Spain from 26 to 27 October 2004, was convened by the Latin American and Caribbean Regional Network and the United Nations Economic Commission for Latin America and the Caribbean as part of the preparation process for WSIS. Approximately 70 ICT practitioners and country representatives from the Caribbean Development and Cooperation Committee (CDCC) member countries came together with the objectives of building the inclusion of these countries and their vital constituents in WSIS, addressing lessons and opportunities of specific ICT experiences in the CDCC member States, building partnerships for the Caribbean information society and advancing proposals for Internet governance. The meeting discussed, in depth, a common definition of Internet governance and the social and economic aspects of the problem. Participants also addressed the importance of multilateral cooperation under the United Nations framework, the provision of universal access to a stable and secure Internet system, the protection of intellectual property rights and the creation of wealth, the provision of affordable access to broadband and the establishment of transparent and democratic procedures with full involvement of Governments, the private sector and civil society.

Africa

39. The ICT Task Force, together with the Economic Commission for Africa, Industry Canada and the International Organization of la Francophonie (OIF) organized a workshop on Internet governance to provide African stakeholders with a forum to learn, comment and provide input into the official African position on the subject. The workshop was organized as a pre-event to the African regional preparatory meeting to the second phase of WSIS, to be held in Accra on 28 and 29 January 2005, providing an opportunity for Internet technology engineers, ICT experts and representatives from Governments, the private sector, civil society, academia and regional and international organizations to exchange views and visions on the technical, ethical, societal and legal dimensions of the global Internet governance with a particular focus on its implications for Africa.

40. The workshop focused on public policy issues, Internet resource management and Africa's role in the creation of Internet governance policies. The workshop clearly showed the need for capacity-building and awareness-raising in Africa regarding the issues related to Internet governance. The outcomes of the meeting fed into the plenary session of the regional conference for WSIS and the activities of WGIG.

41. The Economic Commission for Africa and the ICT Task Force prepared a publication entitled "The Internet governance space: exploring the core issues from Africa's perspective".⁵

42. The Economic Commission for Africa, the ICT Task Force and the United Nations Division for the Advancement of Women organized four regional workshops on the theme of strengthening the capacity of national gender machineries through the effective use of ICT. The main objectives of the workshops were to enhance the capacity of national gender machineries in African countries to advocate for successful gender equality policies and act as catalysts for systematic gender mainstreaming in all policies and programmes, nationally and regionally.

5. City informatization in the Asia-Pacific region

43. The fourth annual forum on City Informatization in the Asia-Pacific Region was held from 20 to 22 May 2004, in Shanghai, China. The Forum was initiated by the Shanghai Municipal People's Government and the United Nations Department of Economic and Social Affairs. It was co-sponsored by the United Nations Development Programme, ITU, the ICT Task Force and the Chinese Government, including the State Council Informatization Office, the Ministries of Science and Technology, Information Industry and Commerce and the Chinese Academy of Sciences.

44. Three main themes addressed were e-governance, e-technology and e-application. A number of events were organized around the meeting on e-government and on city informatization in the Yangtze Delta. A workshop for an assessment index on city informatization and the ICT Task Force regional meeting on Internet governance took advantage of the gathering of worldwide ICT stakeholders. A Shanghai international informatization expo on ICT for development was also organized.

6. Municipal policy making on information and communication technology for development — Wireless Internet Institute

45. The Wireless Internet Institute (W2i) and the ICT Task Force have developed the Global Municipal Government and Local Authorities Series to accelerate the adoption of broadband wireless Internet in municipalities and underserved urban populations around the world. Undertaken in partnership with industry leaders, such as IBM and Intel, and international development organizations, such as the United Nations Institute for Training and Research and the Inter-American Development Bank, the Series aims to raise awareness about opportunities for local government to build high-capacity wireless communications infrastructure in support of municipal economic, social and educational development. Three conferences were held within the period covered by this report: Wireless Internet and Municipal Public Safety, held in the United States of America in June 2004; Wireless Internet and Municipal Government in Latin America: The Mexican experience, held in Mexico in

September 2004; and Wireless Internet and Municipal Government in Latin America: The Brazilian Experience, held in Brazil in February 2005.

7. The Global ePolicy Resource Network

46. The Global ePolicy Resource Network⁶ provides a focal point for global efforts in support of national e-strategies for development. The Network provides ICT policy makers in developing countries with the depth and quality of information needed to develop effective national e-policies and e-strategies. The ICT Task Force Working Group on National and Regional e-Strategies has supported the Network's efforts since its launch at WSIS in December 2003.

47. In 2004, the Network was active in building capacity, in particular, among policy makers in Africa. Together with the Economic Commission for Africa and the ICT Task Force, it organized a two-day workshop for the Tanzania Parliamentary Network on ICT for Development, which resulted in the adoption of an action plan for the Network.

C. Promoting an enabling environment

48. The ICT Task Force business plan underlines the decisive role that an enabling environment plays in the emergence of a global development-oriented information society. The creation of an enabling environment for ICT-driven development relies on establishing a legal and policy framework that encourages investment, innovation and entrepreneurship. As identified by the Task Force, one effective framework for maximizing the contribution of ICT to development consists of a set of public policies that operates at several levels: (a) the development of national strategies at the macropolicy level, which favour the development and deployment of ICT in pursuit of social and economic development goals; (b) economic strategies that involve the design, development and implementation of effective policies in areas such as telecommunications policy and regulation, spectrum management and electronic commerce; and (c) accurate measurement and benchmarking, in order to assess the effectiveness of the implementation of policy objectives in relation to development goals and targets.

49. Among the priority areas for action contained in the third track of the business plan is the promotion of regulatory regimes conducive to the elimination of barriers to competition and encouraging investments in communications infrastructure and support for the development of comprehensive and sustainable ICT-for-development policies and national e-strategies. The Task Force has made consistent efforts to bring the issue of an enabling environment to the attention of world leaders and help strengthen coherence in the development and implementation of concrete measures to shape the enabling environment necessary for attracting investments and stimulating the development of applications in various sectors, such as education, health, e-government and e-commerce.

1. Enabling environment expert meeting

50. Bringing together a group of ICT-for-development experts representing Governments, the private sector, civil society and intergovernmental organizations, the Task Force convened a special meeting on enabling environment on 27 May 2004, in New York. This meeting explored modalities and partnerships for

implementing an integrated programme to promote and support an enabling environment for the emergence of a global development-oriented information society. This meeting and the subsequent output formed the basis for the Global Forum on Enabling Environment.

2. Global Forum on Enabling Environment

51. The Global Forum on Enabling Environment and the seventh meeting of the ICT Task Force, hosted by the Government of Germany, was held in Berlin on 19 and 20 November 2004. The Forum aimed at raising awareness of issues concerning policy, financing and partnerships for the creation of an enabling environment. The Forum attracted the participation of more than 250 representatives of all stakeholders, including senior government officials from a number of developed and developing countries, executives from the private sector and prominent representatives of the ICT-for-development community, civil society and academia.

52. At the core of the meeting were two substantive sessions. The first one was on policy and regulatory issues, including low-cost access, promotion of competition and market development and institution- and capacity-building. The second focused on financing ICT-for-development and included a presentation by the United Nations Development Programme on the work of the Task Force on Financing Mechanisms. Break-out sessions explored more in-depth policy and regulatory issues, new models for financing ICT for development and promoting private sector investment and entrepreneurship.

53. In the intensive two-day discussions, there was strong agreement that all stakeholders have a role in the creation of an enabling environment. Particular emphasis was placed on the responsibility of Governments and independent regulatory bodies to produce policy and regulatory environments conducive to the propagation of ICT-for-development applications and the attraction of investment as well as the responsibility of the private sector to provide infrastructure, devices and content targeted at people's needs. Participants stressed the need to measure, benchmark and share information on successful policies in creating an environment that would lead to an inclusive, people-centred and development-oriented information society. On financing, opinions diverged over whether there was a need for new resources or existing resources, used more effectively, could adequately fund ICT for development. A number of proposals were presented on potential revenue streams, including the creation of various funds, taxes and other innovative models.

54. As an outcome of the Global Forum, the Task Force published the sixth volume in its series, *Creating an Enabling Environment: Toward the Millennium Development Goals*.⁷ The book contains key presentations and contributions that address policy and regulatory issues; identify areas and modalities for engaging stakeholders in innovative partnerships; outline models and modalities conducive to the elimination of existing barriers to infrastructure and services diffusion; and evaluate the adequacy of existing financial mechanisms to meet the challenges of ICT for development.

3. Open access workshop

55. Recognizing that access is essential to bringing the benefits of the information age to all, the Working Group on Low Cost Access and Connectivity organized, in

partnership with the Swedish International Development Cooperation Agency and the Kista Information Technology University, a second international workshop on open access. The workshop was aimed at identifying successful solutions and standards for access networks promoting open universal access on a very practical level, as well as sustainable business models for the operation and maintenance of such networks which could be disseminated as best practices. The workshop was held in Stockholm, Sweden, in May 2004, and focused on access issues related to health, education and entrepreneurship. It was attended by over 50 representatives of Governments, civil society organizations and the private sector.

4. Development Cooperation Workshop

56. The Task Force co-sponsored a two-day conference and workshop on the theme "ICT — a tool for poverty reduction? — challenges for development cooperation", held in Uppsala, Sweden, in September 2004. The conference was organized by the Uppsala University, the Swedish International Development Cooperation Agency and ideal/ICT4Africa, with the support of the Swedish Development Forum, the British Council, Kista Information Technology University and the ICT Task Force. The conference focused on ICT possibilities and challenges for development in poor countries, with a special focus on access in schools and urban slums, access for women, and the possibility of access for all.

D. Building partnerships

57. Partnerships and the synergies they can produce are at the core of the Task Force's mandate. Throughout 2004, the ICT Task Force strengthened existing relationships and built new ones. Memorandums of understanding on cooperation were signed with the United Nations Institute for Training and Research, the AllAfrica Foundation, the World Summit Award, the Stockholm Challenge Award and the World Federation of Scientists. The United Nations Fund for International Partnerships has continued to provide support to the Task Force in its efforts to build multi-stakeholder partnerships.

58. At the same time, the Task Force, its working groups and regional nodes continued to support its long-term partners in a number of successful ongoing activities and events.

1. The Global e-Schools and Communities Initiative

59. The Global e-Schools and Communities Initiative⁸ (GeSCI) was launched in December 2003, in Geneva at WSIS. Originally a joint project of the working group on human resource development and capacity-building and the Working Group on Low Cost Access and Connectivity of the ICT Task Force, GeSCI has now established itself as an independent organization, with a secretariat headquartered in Dublin, Ireland and with staff based in Namibia and India. At the core of this organization are the four founding countries, Canada, Ireland, Sweden and Switzerland, along with a number of private sector organizations and international donor agencies that have committed both financial support and expertise to this new initiative.

60. GeSCI's vision is to work at local, national and international levels supporting developing countries as they create and implement strategies to harness ICT for

education and community growth. Using a multi-stakeholder approach, GeSCI focuses on delivery, offering project development and management, strategic support, facilities and resource mobilization and implementation in partnership with a wide variety of engaged partners, including Governments of developing countries, non-governmental groups, academia and private sector companies.

61. Since then, GeSCI has undertaken its work with increasing momentum. In Namibia, GeSCI is engaged in significant work with the Ministry of Education to launch the national initiative. GeSCI has assisted in forming the national ICT in Education Policy, and is currently developing the implementation plan. In India, GeSCI has placed its country facilitator in Bangalore, India, and is engaged in a comprehensive process to identify which States most need its partnership. In Ghana and Bolivia, GeSCI is continuing discussions with ministries and stakeholders to clarify the educational needs and GeSCI's potential role. GeSCI has also supported research work that will identify cost-effectiveness in technology that can be used in lesser-developed countries. At the same time, GeSCI has built its internal capacity to ensure its effectiveness and developed partnerships with key stakeholders. It also plans to eventually work in numerous other countries.

2. Contribution to the development of an information and communications technologies strategy for the United Nations system

62. In order to take advantage of the unprecedented opportunities that ICT offer for system-wide knowledge creation and management, the ICT Task Force, in collaboration with the secretariat of the United Nations System Chief Executives Board for Coordination (CEB) and the information technology managers network, has embarked on a collaborative effort to develop an ICT strategy for the United Nations system. Task Force members have participated in periodic meetings and have prepared a number of papers containing expert advice and recommendations. Through its contributions, the Task Force helped formulate a comprehensive set of actions and deliverables that would contribute to improved United Nations organizational and management practices.

3. Policy Awareness and Training in Information Technology series

63. Organized by the ICT Task Force and UNITAR in collaboration with Intel, the Policy Awareness and Training in Information Technology series continued in 2004, to enable United Nations diplomats in New York and in other countries to acquire specific computer skills and be exposed to the workings of the Internet; to raise awareness and understanding of policy and security issues related to the information society among diplomats and policy makers; and to expose Member State delegates and officials in capitals to technologies that are discussed in the WSIS process.

64. In 2004, four cycles of the 5-module certificate programme were conducted, with 67 workshops delivered and 130 participants from 88 countries trained. Of those, 86 per cent were from developing countries and 40 per cent were ambassadors or senior delegates. Around 240 participants attended the 3 open high-level seminars that were held in 2004, which covered a variety of subjects of concern to policy makers, including information security, e-health, e-government, distance learning and free and open source software.

65. Over 100 participants in 10 different ministries (including the ministries of foreign affairs, finance, industry, ICT and justice) from 35 developing countries

were accepted into the year-long global e-learning programme for senior policy makers in capitals.

4. Wireless Internet Institute Series

66. In 2004, the W2i and the ICT Task Force continued the series of multi-year programmes aimed at accelerating the adoption of wireless Internet in support of universal connectivity.

67. The objectives of the programmes are: accelerating the dissemination of information on wireless Internet benefits as countries move from the discovery phase to experimentation to full deployment in local communities; supporting the sharing of best practices among field practitioners and regulators and building a comprehensive knowledge base; and fostering a dialogue among local wireless Internet stakeholders with high-visibility conferences in key regions.

68. Groundwork for the national regulators capacity-building series was laid in 2004, and the series will begin in 2005. In addition to the three meetings held in the Global Municipal Government and Local Authority Series (see para. 45 above), W2i, the ICT Task Force and other partners organized a conference, *Jumpstarting Broadband Internet Infrastructure with Wireless Technologies*, in conjunction with the World Economic Forum meetings held in Amman in May 2004.

5. International Council for Caring Communities

69. The Task Force continued its collaboration with the International Council for Caring Communities (ICCC), sponsoring a conference on the theme "Age of connectivity: harnessing the generations", held in New York on 11 February 2004. The Conference's purpose was to build bridges and develop projects, services and products that support the needs of people of all ages. The programme examined the role of ICT in influencing the quality of life of older persons in the world. The conference produced a framework of how to think about ICT as an agent of change and offered a quality blueprint for an enriched society for all ages.

70. On 11 February 2005, ICCC organized a conference on the theme "Caring communities for the 21st century: imagining the possible" in New York. The conference was part of a series of interlinked conferences on the theme "Age of Longevity" organized by ICCC and the ICT Task Force, in coordination with the United Nations Human Settlements Programme, the United Nations Programme on Ageing, the Department of Public Information, non-governmental organizations and the private sector. The conference was organized in support of the Commission for Social Development. The conference addressed, among other issues, how to utilize opportunities to expand work, education, health care and other personal growth/sharing experiences via new pathways and opportunities opening up along the digital highway. The conclusions of these conferences will contribute to the preparations for the Tunis phase of WSIS.

E. Fund-raising

71. As the ICT Task Force is funded through voluntary contributions, fund-raising has been an important activity since its founding. In the period covered by this report, the following contributed to the budget: the Canadian International

Development Agency, the Cisneros Group of Companies, Finland, Nokia, STMicroelectronics, Sweden, Switzerland, Talal Abu-Ghazaleh Organization and the United Nations Educational, Scientific and Cultural Organization. However, the financial position of the Task Force remains constrained.

V. Assessment and the way forward

72. At their meetings, Task Force members have identified and discussed achievements and challenges, with a view to improving the working methods and impact of the Task Force. It was agreed that many elements have contributed to the prominence and influence that the Task Force has achieved since its launch in November 2001. The Task Force provides a truly global policy platform for multi-stakeholder interaction and consensus-building on ways and means to harness the potential of ICT for servicing and advancing development, especially poverty reduction. The Task Force helps promote cross-sectoral dialogues on key policy concerns and issues, linking the ICT and development agendas in WSIS and other forums. The patronage of the Secretary-General for the ICT, its direct link to the Economic and Social Council and the participation of key United Nations agencies provide global visibility and attract active high-level and expert participation. The decentralized structure of thematic working groups and regional networks has achieved global reach by gaining access to, and providing an outlet for, regional and subregional needs and concerns and provides a platform for the presentation of views and perspectives of underrepresented constituencies. The Task Force has also been successful in facilitating partnership and synergy between the different groups. It has been able to function in a cost-effective, flexible and relatively non-bureaucratic manner with light secretariat support by joining with interested partners in undertaking its activities.

73. The Task Force will face several challenges in the final year of its mandate, including in relation to the follow-up to the Geneva phase of WSIS and the preparations for Tunis. The effectiveness of the Task Force in reaching its goals is contingent on the continued involvement of partners, especially Governments, key institutions and other actors engaged in ICT-for-development activities.

74. Funding, which is based on voluntary contributions, remains a challenge. The implementation of agreed plans of the Task Force is sometimes impeded by the unpredictability of incoming resource flows.

75. In 2005, the Millennium Summit five-year review and the second phase of WSIS will provide a unique opportunity for mainstreaming ICT into the broader development agenda. In the last year of its mandate, the Task Force has the opportunity to provide advice to the Secretary-General on ICT matters, including effective integration of ICT into United Nations processes to help achieve greater efficiency and effectiveness.

76. In July 2004, the Secretary-General communicated his very positive reaction to a proposal of the Chairman of the ICT Task Force concerning a broad-based global alliance for ICT and development. The Secretary-General stated that the Task Force has played a very useful role in linking the WSIS ICT agenda with the development goals of the United Nations and that there would be, therefore, merit in the idea of an alliance that would pursue innovative approaches also in the future. The Secretary-General requested a more detailed proposal.

77. In implementation of this request, the Task Force has been undertaking extensive consultations. Consultations launched after the Berlin meeting of the Task Force in November 2004 have resulted in a broad recognition of the need for the continuation of dialogue among all relevant stakeholders focused on the role of ICT in development that would build on the work of and cooperate with existing institutions and networks on cross-cutting and cross-sectoral issues related to ICT for development and Information Society. Consultations and exchanges of views on the objective and modalities of the proposed alliance are continuing with a view to presenting appropriate recommendations to the Secretary-General.

VI. Conclusion

Making the attainment of the internationally agreed development goals possible

78. The lack of digital opportunities in many poor countries is an effect, not a cause. It is largely a reflection of deeper, more fundamental divides in economic opportunity, health, education and empowerment. For champions of ICT for development, a key objective in recent years has been to mainstream ICT into development. This has involved articulating the role of ICT in the development portfolio, attempting to achieve the right balance of analytical and qualitative arguments and linking into the existing vocabulary of development in the areas of poverty, health, education, gender and the environment.

79. Since the Millennium Summit in 2000, development activities have been increasingly viewed through the lens of the internationally agreed development goals. In the context of the internationally agreed development goals, ICT are increasingly seen not as ends in themselves but rather as critical enablers in the development process. In essence, with the strategic, intensive, widespread and innovative use of ICT-for-development policies and programmes, the ambitious agenda of the internationally agreed development goals, including the MDGs, becomes much more possible to realize.

80. After years of experimentation on ICT in often stand-alone, frequently unsustainable pilot projects, attention is now being drawn to the need to leverage ICT for poverty reduction strategies and the attainment of the internationally agreed development goals through a focus on integration, scaling and replication. From experience, it is clear that ICT and technology "push" projects have generally been ill-suited to fulfilling the requirements of the internationally agreed development goals. Rather, "pulling" ICT into development projects in which ICT are appropriate and relevant at an early stage — often with a mix of traditional and new media and achieved via multi-stakeholder partnerships — to achieve greater efficiency and service delivery will have far greater poverty impact.

81. The fact that the unique characteristics of ICT, if conceived as means and not ends, can, in theory, act as powerful development enabler does not mean that it will necessarily do so. In order for ICT to positively foster development goals, they must be employed where relevant, appropriate and effective, as part of a truly integrated and multi-stakeholder development approach. Strategic alliances between Governments, business, civil society and international organizations are a growing feature of both developed and emerging economies. Such multi-stakeholder

partnerships are necessary because it is increasingly clear that no one sector in society can deliver the complexities of sustainable human development alone.

82. With vision and leadership from all relevant players in the ICT community — whether Governments, business, civil society, academia or international organizations — these objectives can be achieved.

83. The emerging consensus is that ICT-for-development policies and programmes must, to a great extent, be understood as subordinate to, and in the service of, the internationally agreed development goals. The measurement of success for ICT policies and programmes is not an increase in basic access to ICT but the impact of those ICT on progress towards the achievement of the internationally agreed development goals. For the moment, mainstreaming ICT for the achievement of the internationally agreed development goals remains a work in progress.

Notes

¹ In continuation of the practice of the previous annual reports, section II presents a broad outline of the environment in which the ICT Task Force operated and its implications for ICT for development and is based on the discussions at the global forums and other meetings organized by the ICT Task Force. This outline does not necessarily reflect the view of Task Force members.

² See <http://www.unicttaskforce.org/perl/documents.pl?id=1519>.

³ This publication does not reflect an agreed position of the Task Force members.

⁴ See <http://www.unicttaskforce.org/perl/documents.pl?id=1389>.

⁵ This publication does not reflect an agreed position of the Task Force members.

⁶ See <http://www.epol-net.org/> and <http://www.epolafrica.org>.

⁷ This publication does not reflect an agreed position of the Task Force members.

⁸ www.gesci.org.